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Business Tianjin / February 2013



▲ **Rising Binhai: Modern Service District in the Golden Cross**

From the top floor of one of the MSD buildings there is an unrestricted view over the whole of TEDA. From the commanding heights the surrounding roads and familiar facilities form a clear pattern. The roads and rail lines criss-cross into a formal grid and stretch out to the port towards Tianjin and Beijing and onward to the rest of the world. [See P18](#)



◀ **Green Shoots Sprout in the Sino-Singapore Tianjin Eco-City**

The Sino-Singapore Tianjin Eco-City (TEC) is a project that aims to act as both an experiment and a trendsetter in changing the face of how cities are built in China. The city is a high-level project between the Chinese and Singapore Governments, and had its origins in the 11th Five Year Plan which called for 'building a resource-conserving and environmentally friendly society'. [See P24](#)



◀ **Research and Development in China for European Businesses: Part 2**

An important component of your business strategy in China should be the management of intellectual property (IP) portfolios. This is relevant to you even if your main business activities do not focus directly on research and development (R&D). For more on developing your R&D strategy in China by structuring your IP ownership and licensing, see the first instalment of this two-part article in the previous edition of Business Tianjin. [See P44](#)



◀ **Do You Play to Your Strengths as a Leader?**

Imagine Yao Ming sitting behind a desk working as a mid-level manager. Not only would his 7'6" frame seem ridiculously oversized for a standard office cubicle, but our knowledge of his world-class basketball skills would have us scratching our heads at the vocational misplacement of this giant man. Yet, in less obvious ways, this mistake is repeated again and again in workplaces across the globe. [See P58](#)

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## Dear Readers,

On Saturday 12 January, Beijing's and Tianjin's air hit a new high on the air quality index scale, soaring to 755 and 886 micrograms per square metre.

All of us living in China, we have seen how harmful could be to go out these days. The US embassy is putting out hourly readings of PM 2.5, the smallest and most dangerous particulate matter. The scale tops out at 500, a level they call hazardous.

The air pollution is one of the serious side effects of China becoming the world's second largest economy in just 30 years, but we can't justify what is unjustifiable. Business development should not damage quality of life. Without the basic necessities of clean air and clean water, it doesn't matter how fast a country develops.

There are many good examples of countries developing their economies without damaging the natural environment. I hope China places this issue at the top of their list of priorities for the coming years, and takes this issue extremely seriously by implementing drastic policies.

In economic trends, some experts said that last month's strong trade numbers may have been skewed by short-term orders. The Eurozone contraction and continued slowdown in the US economy will affect China's export sector, and it will face another uphill battle this year; perhaps an even tougher one than 2012.

TEDA MSD (Modern Service District) is our cover story this month. This exciting project aims to attract the most reputable companies in the service sector which are keen to maintain a low carbon footprint.

Sino-Singapore Tianjin Eco-City is also another landmark project in Tianjin's Binhai New Area. We select this project for our feature story due their impressive development in recent months. It is forecast that it will have 350,000 people and it will be totally complete in 2020.

We also have a very interesting dialogue with Ruby Chen of the China Europe International Business School, the institution that has been leading business and executive education in China in recent years. Ruby shares her expert analysis with us in discussing the current business environment in China.

Do you play to your strengths as a leader? Leadership is one of the key elements of success in business, and David Zovik, director of LDi Training and expert in strength based leadership, offers us some fantastic hints on how to improve the management in corporations.

We suggest you also visit our website [www.business-tianjin.com](http://www.business-tianjin.com) to get more details about this issue.

I take the opportunity to wish you a Happy Lunar Festival and all the best for the year of the Snake!

Best regards,

J. Hernan

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## Valentine's Day Candlelight Dinner 浪漫情人节烛光晚餐

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**TIANJIN NEWS**

**Wellington College's Festival of Education breaks new ground**  
Business Tianjin, 22 January



Wellington College in Tianjin will be holding its first Festival of Education at the College on Friday, 8th March and Saturday, 9th March, which is the first time such an event will be held in China. The theme of the Festival will be International Education and its Developing Role in China. A series of keynote speakers have been arranged from the UK, China and East Asia, coming from a variety of backgrounds. Many of these presentations will involve discussions groups and debates. Accompanying these main items will be focused workshops and activity sessions, for students and parents alike. They are based on the Eight Aptitudes, Wellington's unique model of education, and involving art, drama, dance, music and film.

**Tianjin online shoppers spent an average of CNY 8,259 in 2012**  
China Daily, 17 January



Tianjin shoppers spent an average of CNY 8,259 (USD 1,328) online in 2012, ranking 77th among Chinese cities, according to China's dominating third-party online payment platform Alipay. Residents in Eastern China's Hangzhou topped the list, spending an average of CNY 38,478 in 2012. They were followed by residents in Shanghai (CNY 24,024), Zhejiang's Yiwu (CNY 23,337), Beijing (CNY 21,879) and Shenzhen (CNY 17,421). According to the official Xinhua News Agency, Chinese spent more than CNY one trillion (USD 160 billion) on online shopping in 2012. Shoppers numbered 242 million, 42.9% of the China's 564 million internet users.

**Beijing & Tianjin Marriott International held Media appreciation party**  
Business Tianjin, 16 January



On the night of 10 January, the Marriott International Beijing and Tianjin Cluster held its annual media appreciation party at the newly opened Imperial Mansion Marriott Executive Apartments, next to the famous shopping district of Wang Fu Jing. Almost 100 media friends joined the party and enjoyed the night full of fun and happiness. Under the theme of 'Time Jumper', the guests dressed up for the event from the ancient to modern times, and the live music and laser dance also helped to build the Time Jumper theme as well. It was an intriguing event whereby the Beijing and Tianjin Marriott International Hotels not only showed their appreciation and gratitude for the organisations who collaborate with them, but also gave them a chance to introduce the new Imperial Mansion Marriott Executive Apartments to the media.

**Hotel Indigo Tianjin Haihe wins Voyage "Worth Expecting Hotel" award for 2012**  
Business Tianjin, 15 January



Hotel Indigo Tianjin Haihe was named "Worth Expecting Hotel" at Voyage magazine's 2012 Hotel and Resort Best Value Awards in Beijing on 15 January 2013. Ringo Poon, the General Manager of the hotel, attended the award ceremony. "We appreciate the endorsement from our honoured guests, readers and industry friends. We will continue to welcome more and more travellers to explore our neighbourhood stores-shops, enjoy our inspired service and fresh design", Ringo said. The "2012 Voyage Hotel & Resort Best Value Awards" campaign lasted several months, and involved a series of thorough inspections and reviews including an audition, internet and postal voting.

**Hotel Nikko Tianjin Celebrates the New Year**  
Business Tianjin, 14 January



On January 14, 2013, Hotel Nikko Tianjin hosted a special dinner, in which 60 guests attended. Before the dinner, all the Hotel staff and guests played an activity called "New Year's Lo Hei" to receive good luck and happiness for the New Year. Hotel Nikko Tianjin introduced a new chef, Mr. Chen Jian, who has over 20 years of cooking experience. Mr. Chen Jian served an amazingly delicious "crab with sweet olives" dish to all the guests. He has created many new Chinese dishes through his passion and perfectionism. The Hotel also hosted a series of Weibo lottery activities, to great acclaim. The hotel has also prepared the next lottery activity, which will provide 5 Lo Hei opportunities.

**TEDA tops list of China's development zones for 15th year**  
China Daily, 11 January



The Tianjin Economic-Technological Development Area is at the top of the list of State-level economic and technological development zones, according to Ministry of Commerce. The development area has held that leading position for 15 consecutive years. It had a GDP of more than CNY 200 billion (USD 32.12 billion) last year, an increase of 23% from 2011. It is an important economic zone not only for Tianjin, but also for many multinational corporations. More than 5,000 foreign companies, from about 60 countries and regions have invested in the Tianjin development area.

**USD 318m battery production plant to be built in Tianjin**  
ABR, 10 January



Finland-based battery manufacturer European Batteries Oy, plans to set up a battery production plant in Tianjin in China with an investment of USD 318m. The company expects the first phase of the project to be completed by October 2013 and to generate an annual income of USD 636m after becoming completely operational. European Batteries Oy chairman, Eero Nuutinen, was quoted by the chinadaily.com as saying that he is confident about the investment, adding that his company will introduce new technology and products in order to further explore the Chinese market. The centre is expected to manufacture lithium-ion batteries that will be used to power the engines in hybrid and electric vehicles.

**The 'Lang Lang 30' 2013 Tianjin New Year Concert**  
Business Tianjin, 8 January



The 'Lang Lang 30' 2013 Tianjin New Year Concert was staged at the Tianjin Sports Centre. Hong Kong singer Karen Mok and famous host Chen Luyu attended Lang Lang's piano concert as honoured guests, and together they provided a sumptuous musical feast for the audience. After the show, Lang Lang attended the celebratory party at Hotel Indigo Tianjin Haihe. As the official reception hotel, Hotel Indigo Tianjin Haihe specifically made a 'Lang Lang 30' cake to wish Lang Lang good luck in reaching another career peak. Shi Yangzhou, Deputy Managing Director of Tianjin Haihe Historical Reservation Construction Co., Ltd. cut the cake with Lang Lang. People all toasted welcome Lang Lang back to Tianjin again.

**Tianjin Port cargo throughput up 5.3 percent Year on Year to 476 million tons**  
Steel Guru, 7 January



Tianjin Port (Group) Co Ltd, the largest port operator in North China, has announced its cargo out reached a record high of 476 million metric tons in 2012, reflecting a year increase of 5.3%. Source reported that last year, the port's container throughput rose 6.2% from the previous year of to 12.3 million 20 feet equivalent units. In 2012, the port recognised the CNY 13.5 billion in fixed assets investment, while its operation revenue for the year amounted to CNY 25.1 billion. In 2011, Tianjin Port saw its cargo out exceed 453 million metric tons and ranked fourth in the world.

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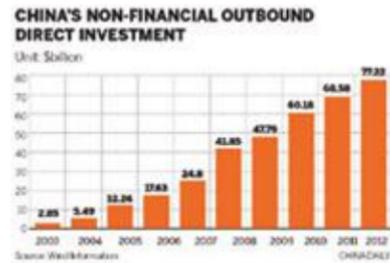
**The second Tangla Hotel in Beijing will be opened in the south of Beijing**  
Business Tianjin, 18 January



HNA Hotel Group and JinLanFu Beijing Real Estate Development Co. Ltd. signed a contract in Tangla Hotel Beijing. This signing announcing the second Tangla Hotel in Beijing, the Youzhu Tangla Hotel Beijing, which will be situated in the south of the city. Song Xiang, Vice President of HNA Travel Group and Chairman and President of HNA Hotel Group, and Lu Zhaoqing, General Manager of Jin Lanfu Beijing Real Estate Development co. Ltd., were present to sign the cooperation agreement. More than 30 people, including Chen Wenli, Chairman of the Board of Directors of HNA Group and Zhang Ling, Chairman of HNA Travel Group as well as other leaders from both groups attended the signing ceremony.

**China's non-financial ODI enters 'fast lane'**

China Daily, 17 January



China's non-financial Outbound Direct Investment (ODI) continued to surge in 2012, and has now moved into the 'fast lane' internationally, according to senior economic officials. Figures released on 16 January by the Ministry of Commerce showed that China's non-financial ODI in 2012 increased 28.6% from the previous year to USD 77.22 billion. Zhang Xiaoji, director-general of the Foreign Economic Relations Department at the Development Research Centre of the State Council, said he expects that Chinese enterprises will continue what he called "robust investment in overseas markets" in 2013. "Actually, China's ODI has just moved into the fast lane," he said.

**China continues to increase influence on global trade**

People's Daily, 11 January



The world's second-largest economy, is well on its way to achieving 'the Chinese Dream', when it comes to foreign trade and economic cooperation on the global stage. Developing itself into the biggest trading partner for a majority of countries and regions worldwide. According to the latest statistics, the country had become the largest trading partner of 124 economies in 2011, compared with 70 in 2006, meaning it has overtaken the United States as the biggest trading partner for most nations. The US, was the largest trading partner of 127 economies five years ago, has seen a decrease in that number to 76 economies, according to figures from the Associated Press, released last month.

**China remains world's top energy producer**

Xinhua, 10 January



In 2012, China remained the world's largest energy producer for a fifth year, said the country's top energy authority on 9 January. The National Energy Administration said in a statement on its website that the country's total installed power generation capacity reached 1.14 billion kilowatts by the end of 2012. Installed hydropower capacity stood at 249 million kW, the world's greatest amount for a single nation. The country's wind power also led the world with an installed capacity of 63 million kW by the end of 2012, the statement said. Crude oil reserves and production steadily increased, while natural gas production saw rapid development last year, according to the statement. China has been the world's largest energy producer since 2008, official data shows.

LAW & POLICY

**China looks at alterations to bank charges**

Xinhua, 22 January



The government said it will lower bank card charges for businesses ranging from retailers to property developers in order to reduce their burdens and boost consumption. The move will take effect on 25 February 2013 as part of the government efforts to bring distribution costs down and expand domestic demand, according to a statement issued by the National Development and Reform Commission (NDRC), the country's top economic planner. The cuts will save Chinese businesses about CNY 4 billion (USD 637 million) a year, an NDRC official said.

LOGISTICS

**Direct flights to Sri Lanka and Maldives to begin March 9**

Skynews.co.kr, 13 January

Starting on 9 March, Korean Air will expand its network to Southwest Asia with the launch of a direct service from Seoul/Incheon to Sri Lanka and the Maldives. The direct service will be offered three times a week, flying from Seoul/Incheon first to Colombo in Sri Lanka and then on to Male in the Maldives. The flights will operate every Monday, Wednesday and Saturday. Korean Air's new Seoul/Incheon-Colombo-Male route will be operated by an Airbus 330-300, seating 276 passengers and equipped with Korean Air's premium seats. First Class has 6 Sleeper Seats, 180 degree full-flat beds with 83-inch pitch and 20.6-inch width guaranteeing comfort and freedom during the flight. The Prestige (business) Class has 18 full-flat sleepers with 74-inch pitch and extra-large seat partitions offering comfort and privacy. Passengers in all classes can enjoy the new AVOD (Audio & Video on Demand) system that offers upgraded in-flight entertainment in high resolution and with top processing speed.

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**TELECOM**

**ZTE expects big losses in 2012**  
*China Daily, 22 January*



Chinese telecom gear manufacturer ZTE Corp expects to register a full-year net loss of up to CNY 2.9 billion (USD 466 million) in 2012, from a net profit of CNY 2.06 billion in 2011. But the company said it may report a profit again in the first quarter of this year. In its preliminary results announcement sent to the China Daily, ZTE said it estimated net losses of CNY 2.5 billion to 2.9 billion for the financial year which ended on 31 December. The company attributed the losses to some delayed projects, their cognition of earlier lower-margin contracts and decreases in revenue from terminals. Officials from ZTE said the company is actively reviewing its operations and hopes to reverse the situation.

**GENERAL**

**China shines on list of innovative cities**  
*China Daily, 17 January*



China has three of the world's top 20 well-developed international cities in terms of both their capital hubs and innovation centres, according to a ranking published by the Shanghai Academy of Social Sciences on 16 January. Hong Kong - fourth on the list - follows New York, London and Paris. Shanghai is 11th and Beijing 15th among the 70 largest international cities, the report said. This is the first time that China has published a comprehensive ranking of the world cities that have enormous international influence, adding innovation capacity as an important measurable indicator besides economic scale.

**CHINA IN THE WORLD**

**Landmark Thai mall aims to lure Chinese**  
*China Daily, 22 January*



Thailand's largest retail conglomerate hopes to attract more high-end Chinese tourists with a new luxurious shopping mall, following an upsurge of visitors over the past year and even greater numbers expected this year. Central Embassy, a THB 10 billion (USD 336 million) project in the heart of Bangkok, regards Chinese travellers as one of its top targets after its shopping mall section opened in December, said Chart Chirathivat, managing director of the project under the Central Retail Corp.

**China-Myanmar pipelines to be completed in May**

*Xinhua, 22 January*

If everything goes as planned, the China-Myanmar oil and natural gas pipelines - China's new strategic energy channels - are expected to be completed by 30 May, according to the contractor. Construction has been sped up on the pipeline's domestic and overseas sections. Barring insurmountable barriers, the oil and gas pipelines could begin operating in early June, Gao Jianguo, the head of the project under the China National Petroleum Corporation (CNPC), told Xinhua on 19 January. The main parts in Myanmar have been finished, while those in Chinese territory will be completed in January. The pipelines will undergo pressure tests and a drying process in February, according to Mr. Gao. Crude oil will be shipped from the Middle East via the Indian Ocean - instead of the risk-prone Strait of Malacca - before reaching Myanmar and entering China via the oil pipeline.

**China's trade surplus with US 'shrinks'**

*China Daily, 17 January*

China's trade surplus with the United States has shrunk by 25%, if calculated on a value-added basis, reflecting the high level of foreign-sourced content in Chinese exports, according to a new report published on 16 January by the Organisation for Economic Cooperation and Development (OECD) and the World Trade Organisation (WTO). China's gross exports incorporate a large share of value from foreign sources and nearly half of all imported intermediates are used as inputs for exports, the report said. For example, nearly 40 percent of the total value of China's electronics exports comes from foreign sources. The findings by the OECD and the WTO came amid a continuing debate on whether China should substantially appreciate the value of the CNY to address the trade imbalances it has with key trading partners such as the US and the European Union. The OECD and the WTO hope that the launch of the new findings will reveal a different picture of global trade from the one using conventional data and show that raising trade barriers by governments will only hurt their countries' own competitiveness. "Our new work with the WTO allows us to see more clearly than ever before how blocking imports will damage a country's own competitiveness," OECD Secretary-General Angel Gurría said.

**Australian Deputy PM optimistic on China and Asia's economies**

*Xinhua, 14 January*

Australia's Deputy Prime Minister Wayne Swan said Monday that he is optimistic on the economic outlook of China and the entire Asia continent. "China's economy has stabilised and it is rebalancing its economic framework through the driving force of consumption. The Chinese economy is now 40% larger than it was at the end of 2007, and is making substantial contribution to the world's economy," Swan told the Asian Financial Forum in Hong Kong. Swan said that Asia's economy will realise great development in the future, as it is buoyed by an adequately young labour force. He urged the region to further optimise financial systems in order to support sustainable growth. Asia needs more resilient, deeply integrated and better connected financial systems to safeguard the gains it has achieved so far, according to Swan.

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# Numbers

## 2.47

Vegetable prices kept increasing in the first 10 days of January compared with the last 10 days of December, while meat prices edged up, according to China's National Bureau of Statistics. Cabbage prices increased 11.3% to CNY 2.47 per kilogram, while potato prices rose 4% to CNY 3.86 per kg.



## 1.6

Chanel China said the prices of some of its products sold on the Chinese mainland will be raised on the 15th February, saying there will be "a slight increase of up to USD 1.6 for only a few products".



## 750

The chief executive of Copy & Wireless Communications, Tony Rice, described it as a "landmark day" as he announced the USD 750 million sales of 51% of the Macau operation to Citic Telecom, part of a business owned by the Chinese government.



## 100

Samsung Electronics, the world's No. 1 smartphone maker, said that global sales of its Galaxy smartphones topped the 100 million mark around 31 months after its debut.



## 4.96

China's power consumption expanded 5.5% year-on-year in 2012 to 4.96 trillion kilowatt-hours, according to the National Energy Administration.



## 300

China has officially opened the world's longest high-speed rail route, linking the capital Beijing with the southern commercial hub of Guangzhou. Trains will initially travel at 300km/h, more than halving travel time.



## 2000

Under the theme of "Asia: Shaping the NEXT Global Landscape", this year's Asian Financial Forum spotlights Asia's fast-expanding role in the global economic arena. Some 2000 business and government leaders from around the world are attending the forum.



## 28.69

Poly Real Estate Group, China's second largest property developer, has reported a profit surge for last year, as the market picked up amid government efforts to stabilize growth. The developer's profits increased by 28.69%.



## 5.6

Industrial Bank Co Ltd said its net profit rose 36% to USD 5.6 billion in 2012. The bank's operating revenue was CNY 87.6 billion, up 46.35% year-over-year.



## ASIANA AIRLINES

# Asiana Wins 'Best Overall Airline in the World' award

- Awarded '2012 Best Overall Airline in the World' by Business Traveler

Asiana Airlines (President & CEO: Young-Doo Yoon) was awarded '2012 Best Overall Airline in the World' by global travel magazine, Business Traveler at the Warwick Hotel in New York on January 10, 2013.

Asiana received the 'Airline of the Year' award from Air Transport World in 2009, Skytrax in 2010, Global Traveler in 2011 and Premier Traveler in 2012.

Business Traveler's '2012 Best Overall Airline in the World' is awarded to the airline that received the best assessments on flight reservations, and airport and in-flight services in 2012. Asiana received the award for its cutting-edge cabin facilities, which are exemplified by its first class 'OZ First Suite' and business class 'OZ Quadra Smartium' as well as a variety of services such as its onboard crew chef and sommelier services.

Medibank Research Inc. conducted the survey for Business Traveler among its readers. The award has been presented annually to international carriers for the past 24 years. Only three airlines, Asiana Airlines, Singapore Airlines (22 times) and British Airways (once), have received the 'Best Overall Airline in the World' award.

Asiana has also been awarded the 'Best Overall In-flight Experience in the World' for the seventh consecutive time and the 'Best Overall Customer Service - Airline - Ground/Call Center' for the fourth time.

# February Chinese Economy Report

By Hyuk-tae Kwon



## Chinese economy continues to improve despite uncertain outlook in 2013

Chinese trade jumped sharply in December, showing a positive sign that the world's second largest economy is recovering.

Exports grew 14.1% from a year earlier, well above November's 2.9% year-on-year growth according to the official data released on Thursday, 10 January. The increase in exports was mainly due to the rising demand from Southeast Asia, the U.S. and Britain.

Meanwhile, imports grew 6% from a year earlier after recording no growth in November.

The Chinese economy has been gradually improved over the last three months of 2012, due to rising domestic investment, after slowing to its weakest growth level in three years.

"We definitely saw China strengthen again at the end of the year," said Jeff Immelt, chief executive of General Electric, which reported a 17% increase in fourth quarter pre-tax profits of USD 5.27 billion.

"The big drivers in China continues to be healthcare

and aviation. We believe Chinese momentum is likely to continue into 2013."

December's positive trade data may signal that conditions overseas could also be improving for China's export sector, an employer of 200 million workers according to the Los Angeles Times.

But a recovery is far from certain. Alistair Thornton, a Beijing-based economist for IHS Global Insight, said that last month's strong trade numbers may be skewed by short-term orders.

"With our projection for continued contraction in the Eurozone and continued slowdown in the U.S. economy, we believe that China's exports sector will face another uphill battle this year an even tougher one than 2012," Thornton said in a research note Thursday, 10 January.

For the full year, China's trade balance grew to USD 231.2 billion in 2012 from USD 154.9 billion in 2011. China's subdued property market significantly lowered the importation of raw materials, resulting in the huge trade surplus.

Chinese exports grew by 7.9% in 2012 and imports also expanded by 4.3%. To put this figure into

perspective, the economic slowdown of 2012 was not as bad as during prior crises, Thornton said.

"Put in perspective with the four previous export downturns, 2012 looks to have done quite well," he said. "Exports grew only 0.5% in 1998 after the Asian financial crisis and 6.8% after the U.S. tech bubble crash in 2001."

## Labour pool decreases and poses threat to long term growth

China's working-age population shrank for the first time in 2012 and the trend will only accelerate and impede the future economic growth of the world's second largest economy.

By the end of December, China's population of people aged between 15 and 59 was 937.27 million, a decrease of 3.45 million from 2011, according to figures released by China's National Bureau of Statistics on Friday, 18 January.

Ma Jiantang, head of the National Bureau of Statistics, described last year's drop as "worrying", even as the Chinese economy rebounded in the fourth quarter.

China's GDP grew 7.9% year-on-year in the final three months, up from 7.4% in the third quarter. Many economists question whether China can sustain its high growth rate, despite having a shrinking working population.

As societies become richer, birth rates tend to decline naturally – but in China that trend has been deeply distorted by the country's controversial one-child policy introduced in the late 1970s according to the Financial Times.

"Most projections . . . estimated that the decline in the working age population would start around the middle of this decade," said Frederic Neumann, co-head of economics at HSBC.

"But [Friday's numbers] show that it has already happened, which suggests the decline over the next few decades will be faster than expected."

We already witness labour shortage problems in many areas of China; companies often complain that it is difficult to find qualified workers, particularly in the labour-intensive manufacturing sector according to the Financial Times.

"Most countries begin to upgrade their economic model and raise productivity when faced with declining populations," said Vincent Chan, an economist at Credit Suisse. "Wage increases, more automation and the production of better-quality products are all likely to become stronger structural trends in China."

The potential occurrence of high unemployment rates has been the biggest concern for China's leaders because it is directly related to social instability. Many of China's government policies have been focused

on maintaining economic growth levels to control unemployment rate rising beyond control.

"In the past, people always believed 8% or even 10% is necessary for China to maintain high employment and prevent mass unemployment, but demographic change is making the requirement for growth much lower," said Lu Ting, head of Greater China economics at Bank of America Corp. in Hong Kong.

"Potential economic growth in China will slow to around 6% by 2020."

## Air pollution and the cost on real economy

"On Saturday [12 January] night, you'd have sworn Beijing's streets were the middle of Mordor," the Globe and Mail reported.

Already renowned for its extraordinary bouts with pollution, Beijing's air hit a new low – or, rather, a high – on the air-quality index scale, soaring to 755, or 886 micrograms per square metre.

**The air pollution is some of the serious side effects of China becoming the world's second largest economy in just 30 years.**

The U.S. Embassy puts out hourly readings of PM 2.5, the smallest and most dangerous particulate matter, on Twitter; the scale normally tops out at 500, a level they call hazardous. A popular iPhone app carrying the readings has now had to create a new category, extremely hazardous. It's colour-coded black.

The air pollution is some of the serious side effects of China becoming the world's second largest economy in just 30 years.

Among the costs of this pollution, are flight cancellations and delays, major road accidents and highway closures, emergency rooms packed with gasping children and adults, and rapidly rising rates of chronic lung disease, heart disease and cancers according to the Globe and Mail.

The World Bank has estimated that in 2009 alone, air pollution cost the equivalent of 3.3% of China's GDP, or about CNY 700 billion (over USD 112 billion).

Due to mounting public pressure, the Beijing government finally began taking measures, suspending work at more than two-dozen construction sites and ordering several dozen companies to reduce production; the Beijing Hyundai Motor Company was reported to have stopped production completely.

Government policy makers routinely talk about the need to rebalance the economy toward more sustainable growth. In December, Beijing opened a new subway line and two extensions, which is an example of infrastructure investment designed also to lower car traffic. **B**

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# Rising Binhai: Modern Service District in the Golden Cross

By Robert Watt

From the top floor of one of the MSD buildings there is an unrestricted view over the whole of TEDA. From the commanding heights, the surrounding roads and familiar facilities form a clear pattern. The roads and rail lines criss-cross into a formal grid and stretch out from the port towards Tianjin and Beijing and onward to the rest of the world.

Behind us, a model of the area shows the completed Modern Service District (MSD), at its heart is made real. The vision of the area together with the panoramic view the rising structures makes clear the advantage of the location, in the heart of the Binhai New area. The facilities, the green spaces and tower blocks still under development, are easily imaginable.

We took the opportunity to discuss the MSD project with Ms Zheng Changyun, Sales Director of Tianjin TEDA Development Co. Ltd.

**Can you give our readers a little bit of background into the TEDA Modern Services District?**

MSD is a project set up to create a leading high-end business centre for the service area. The

Tianjin Economic Technological Development Area (TEDA) has been developing for over 20 years, with a focus on manufacturing. The MSD project aims to attract the top reputable companies in the service sector with a low carbon footprint, which will be good for the economic development of the area.

**We want to attract companies that people need to visit such as restaurants and amusements like Art Museums and Mini Theatres.**

The completed development will comprise 9 zones of Class A office buildings, commercial space, shopping, leisure, entertainment and green spaces. There is a financial street, a specifically designed Art Museum and an opera house. Underground there are over 3000 car parking spaces. As well as a 100-metre wide landscaped green belt, the roofs of some buildings are grassed to provide large natural areas to walk and relax on.

**What have been the challenges in constructing this new development zone?**

The first challenge was how to decide which direction to take with the design. We visited other Central Business Districts (CBD), such as those in London, to increase our knowledge and developed the concept further to include Law firms, IT, Banking groups, Logistics and Financial services. The second challenge was funding, which we get from both the bank and the government, for the first few years. The third challenge was human resources getting the right people onto the project. We have done this through providing attractive working environment and development opportunities.

**This zone has been broadly divided into the 'Core Area' and the 'Expansion Area'. What kinds of enterprises and facilities can we expect to see within each area?**

The Core area, which comprises zones A to D, is only leased but in the expansion areas they can sell, but the facilities and enterprise isn't different. Only big companies can buy the space because it's expensive. The MSD



is also known as ‘The Golden Cross’ because of its shape and because it is the most expensive square mile in Binhai even more expensive than downtown Tianjin.

**What makes the area so expensive?**

Firstly, it is the location. It is at the centre of the TEDA, just 5 km from the port, 38 km from the airport, and Beijing and Tianjin are only 45

minutes away. At one end of the MSD area is the Citizen Plaza train station. The centre of the cross lies along Second and Third Avenues so it's very convenient to get to. Secondly the facilities, both within the district and in close proximity. Within walking distance there are golf courses, schools, hospitals, a library, and even the TEDA football stadium. Finally, is the quality of the office

buildings and facility standards. All the buildings are equipped with world-class hardware facilities and will be LEED certified to assure that they are eco-friendly, efficient office spaces. The MSD is designed to provide the most influential business district both in the surrounding area of the Bohai sea region, and all over the world.

**What has the demand been like for commercial space in the MSD?**

The demand has been very good. We want to attract companies that people need to visit, such as restaurants and amusements like Art Museums and Mini Theatres. Things you can't just get from a web site. Many of the premises are already occupied by well known and international companies such as Haagen Daas, Costa Coffee and Pappa Johns, as well as companies new to the area such as Isetan, Rich Daddy and *Ding Tai Feng*. In addition to those directly located in the Golden Cross, there are facilities close by such as the football stadium and a golf course.

Although about 60% of the people commute daily from the city, 40% of workers live around the MSD area. The entertainment, leisure and shopping areas are also attractive to local people. They are not just for those working here.

**This district is being described as a ‘high end’ business zone. What distinguishes the MSD from other economic zones in TEDA?**

It's the most expensive 1sq mile in the Binhai New Area. It's not just the quality of the buildings, office spaces and the services provided. There is also the high calibre of people in the project, the clients and of course its location.

**With the broader economy slowing down, do you foresee the investment environment in projects such as this being more difficult in the coming years?**

I don't believe the investment is slowing down because we are at a key point in the new Chinese government's 5 year plan. MSD sales will remain high because some big

companies are locating some of their headquarters out of Beijing to MSD, due to overcrowding. So we have lots of confidence about future sales. The world's economic problems could have been more of a problem for us, but we have paid a lot more attention recently to state owned companies and not just foreign companies. With government, help as well, this has meant we have been able to protect investment.

**You mentioned LEED Certified buildings can you say a bit more about that?**

All the international Grade A office building in MSD are built to LEED standards. This is an environmental standard for buildings developed by the U.S. Green Building Council. This means the buildings meet very high standards for low carbon emissions, use eco-friendly materials and are energy efficient throughout the buildings life cycle. The assessment is done on each building independently.

The H2 buildings have achieved Gold standard and this will be done to all of the buildings in the future. It is the first MSD in China to reach this standard of LEED. It is a platform for Chinese and foreign companies. They want great buildings to match their great companies.

**When will the project be completed?**

Zone C opened in 2010 and Zone B will finish this year. The whole project, including the Chow Da Fu Binhai Centre, which at 530 metres high will be the tallest building in TEDA, will be completed by 2016.

There are about 15,000 people working here already. Every month we visit our clients to gather feedback and advice, and we have a team dedicated to continually improving the service. From the feedback we have got, it seems that our clients are very happy. **E**



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# Leading the Way in Executive Education:

## A Discussion with Ruby Chen of China Europe International Business School

By Josh Cooper



For many years China Europe International Business School (CEIBS), with its campuses in Shanghai, Beijing and operations elsewhere, has been leading the way when it comes to business and executive education. It is an organisation which prides itself on the vast expertise and business experience of both its Chinese and international staff. Ruby Chen is CEIBS' Deputy Director of Executive Education. Not only is she an incredibly well informed and distinguished executive, she has a great deal of experience of working with international and domestic companies operating within the Chinese market. We spoke to Ms. Chen in order to gain an insight into recent developments at CEIBS and to share her expert analysis on the current business environment in China.

**In brief, could you please start by telling our readers a little bit about your professional background and what you do at CEIBS?**

Well, I started my career after completing my studies which included my undergraduate degree in International Trading, at Ming Chuan University (Taiwan) and my diploma in Mass Communication from the University of Leicester (UK). I have worked for several big name multinational firms, such as Atari, Zenith, Sourcing International and Novimex. My passion for helping others to develop their skills is what encouraged me to get involved in business education. In the past I served as Director of the McKinsey Leadership Institute in China and I have worked with a number of other business schools, including the Guanghua School of Management, at Peking University, where I was the Executive Director of Executive Development Programs.

I am very proud to be working at CEIBS, as the organisation's Deputy Director of Executive education. Our executive education programs cover two broad areas 'open



enrolment' and 'company specific'. The open enrolment courses cover a wide range of modules, which have been designed by our professors and associates to educate senior executives and upcoming managers about various aspects of business, such as strategy, operations, supply chain management etc. But my main role at the moment is to work with companies and clients to design specific courses which suit their needs.

**Tell us about the kind of students and clients who require CEIBS' services. Which business sectors do they come from?**

We have students who come to us from a wide range of backgrounds and business sectors including: consumer goods, IT, finance, pharmaceutical, transport, and manufacturing companies. Typically the kinds of individuals we have at CEIBS are business managers and executives who work for multinational companies here in China or in the Asia Pacific region. Many students enrol for our shorter courses in order to equip themselves with knowledge and skills that are needed to be a successful business leader in a certain area. However, we also have a number of clients which we have a long term, working relationships with, and they ask us to provide company specific training and to get involved in their

operations here in China. For example, we have a program with L'Oréal which helps them to develop their upcoming managers. We have worked with them for almost 9 years now.

Other students we get enrolling are local Chinese entrepreneurs or managers within SOEs (State Owned Enterprises). Often individuals who are already successful, or certainly have great potential, ask us to help them in learning how to deal with management related issues in such a rapidly growing market and business environment.

**Can you give us an example of an interesting training methodology that CEIBS is utilising at the moment?**

At the moment, one thing we are trying to do more of is what we call 'action learning'. Firstly, we will ask the higher level managers of a company, such as CEOs and MD's, to identify some topics or skills which they think would be most beneficial for their understudies to develop. Then whilst our students are taking part in the courses they are encouraged to hold frequent discussions with their superiors regarding their assignments and how to solve certain problems within the topic area they are studying. But the process also works both ways and students regularly report back their



1<sup>st</sup> prize in the 15<sup>th</sup> Beijing Excellent Design from Beijing Municipal Commission of Urban Planning;  
Honorary Mention in the 6<sup>th</sup> ASC Architectural Design Competition from Architectural Society of China;  
Awarded by the Brazilian Institute of Architects São Paulo Chapter

new ideas, based on what they have learnt with us. We often hear about how senior managers have accepted the student's recommendations, and in doing so, it ultimately integrates them more closely into the social network within their company.

So our methodology is not just about students coming here and learning from our professors, it is a very interactive process.

**From your perspective, what are the main challenges that Chinese companies are facing in terms of maintaining and enhancing the skill sets of their managers?**

The Chinese economy is growing so quickly and whilst there are plenty

of great market opportunities out there, it is difficult for private and state owned companies to keep up with the fast pace of change. Even the SOEs, many of which have enjoyed a monopoly of their services in recent years, very much need to grow their employee's skill set in order to stay competitive. One of the ongoing problems which Chinese companies face is that skilled executives and employees with a lot of potential are moving abroad or switching sectors.

And moreover, for those managers who stay in China, it is important for organisations like CEIBS to train them on how to become 'global managers' so that they can compete

with other people from elsewhere. I believe that as a business school we are in the best position to do this, because of our exceptionally talented team. For example, I know Business Tianjin magazine has interviewed Professor Wang Gao who is very experienced within the Chinese business environment and has also worked for Coca Cola in the US.

**As time goes by, foreign companies are becoming increasingly keen for their executives to learn more about doing business in China. Which places, apart from China, is most of the demand for your school's services coming from?**

Demand is certainly increasing as China becomes more important as a global business setting. Companies from around Asia, including Korea, Malaysia, Japan, the Philippines and so on, are looking for organisations such as CEIBS, where they can send their upcoming managers, who have excellent track records of previous success, in order to learn more about managing a company here in China. We offer true Asia-Pacific orientated programs. Companies are keen to equip them with three key skill sets: general managerial skill upgrading, which includes aspects of leadership and strategy, understanding how marketing works within Chinese firms, and furthermore, preparing them to move higher up the command chain. In the latter case, our students are currently operations managers, for instance, but in order for them to move higher up within their company they need to learn more about finance. We give them the training which they need to enhance their overall management capabilities.

**So moving on to the broader economic environment in China at the moment, what are your thoughts about the major challenges and the outlook for the coming years?**

Well as you know, the economy is generally slowing down a little bit, but there are also some signs

that things will pick back up again eventually. We have just had a change of leadership in China and I think the message from the new team has been very positive and encouraging. This will strengthen business confidence in China and I have no doubt that we will continue to be the economic growth engine of the world, for some time to come. There are certainly many challenges; namely in terms of utilising human capital, redistributing the nation's wealth and being conscious of our consumption of natural resources. Overall however, I believe that the pragmatic approach of balancing growth with sustainability will strengthen China's economic outlook.

**Also on the topic of the China's economic future, one of the big talking points at the moment seems to be the need for a move away from exports towards a more domestic consumption based model. Do you think this is happening already?**

Yes. I do think that exports will continue to play a leading part in the overall economy for a while. We just have to look at the numbers to realise that fact. I certainly agree 100% that more emphasis on domestic consumption is the right way forward, but we also need to focus on maintaining both our productive capacities for exports and the quality of the products we make. There is still enough cheap labour in China to keep our capacity for the manufacturing of basic consumer goods fairly high, but as wages are rising and the workforce is becoming more skilled, we have to become more competitive in the production of high tech consumer goods, pharmaceuticals and other advanced products. The key is not moving away from exports altogether, but upgrading our industrial capabilities in this sector.

**Finally, can you tell us about some exciting projects CEIBS has lined up in the near future?**

There are quite a lot of different projects that are ongoing right now and the growth we are experiencing is tremendous. About two years ago we opened a new campus in Beijing in which we are currently developing our facilities and the programs we offer. We also offer classes in Shenzhen and Accra, Ghana, with plans to build campuses in both locations. Those programs are not yet as big as our Shanghai and Beijing offerings, but

there is a lot of potential for growth given the amount of industrial activity in those areas. Additionally, in terms of our Shanghai campus, we are expanding our capacity significantly. Next year we plan to double our current capacities and facilities, as well as improving the services we offer and the way we utilise advancements in technology, so it is a very exciting time for CEIBS! 

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Solar Farm sited along the green corridor which can provide 6 million kw of electricity for 5000 households annually

## Green Shoots Sprout in the Sino-Singapore Tianjin Eco-City

By Matthew Baum

The Sino-Singapore Tianjin Eco-City (TEC) is a project that aims to act as both an experiment and a trendsetter in changing the face of how cities are built in China. The city is a high-level project between the Chinese and Singapore Governments, and had its origins in the 11th Five Year Plan which called for 'building a resource-conserving and environmentally friendly society'. The ground breaking ceremony took place in September 2008 with Chinese Premier Wen Jiabao and Singaporean Senior Minister Goh Chok Tong in attendance.

TEC aims to have a long-term population of 350,000 people when construction is finished in the early 2020's. The eco-city's 30 sq km site is situated 150km from Beijing, 45km from the Tianjin city centre and 10km from the core district of the Tianjin Binhai New Area (TBNA)

with a primary focus on providing a sustainable work, live and play environment. The 4km start-up area is close to completion, with about 4,000 people living and working in TEC, and more than 5,000 homes already sold.

There have already been many eco-city projects in China. Some, such as Chengdu Tianfu District Great City, are still in the planning stage, whilst other places like Dongtan Eco city have been mired in delays and setbacks. Although they are located in different parts of China many miles apart, they all try to articulate a possible future for what a Chinese city should be.

TEC's goal is to create a realistic city that can be a model for future development in China. This will be achieved through three main principles: 'Practicability, Scalability

and Replicability'. The core structure of TEC is based on a master plan jointly developed by experts from China and Singapore. The master developer of the Eco City is the Sino-Singapore Tianjin Eco City Investment and Development Co., Ltd (SSTEC), a 50-50 joint venture between a Chinese Consortium led by Tianjin TEDA Investment Holding Co. Ltd and a Singapore Consortium led by the Keppel Group.

The project is underpinned by strong government support, overseen by a Joint Steering Council (JSC), co-chaired at the Deputy Prime Minister-Vice Premier level. Finally, the Sino-Singapore Tianjin Eco City Administrative Committee oversees day-to-day administration of the TEC. This government to government project utilises Singapore's wealth of expertise in water efficiency and environmentally friendly city development, and builds

on the success of the Suzhou Industrial Park, a joint venture between China and Singapore.

### Comparison with Eco-Cities World-Wide:

"A key emphasis of the Tianjin Eco City is practicality. We do not intend to build a utopian model that is not viable, or can only be financed with extensive government subsidies." Mr. Ho Tong Yen, the CEO of SSTEC, summed up the philosophy for the TEC.

Many eco cities in Europe, like Freiburg in Germany, were established in relatively favourable environmental conditions. TEC on the other hand started life in a polluted and barren wasteland.

The Chinese government stipulated that the TEC must be built on non-arable land, and in an area that faces water shortage. These are keys issues in China; especially water shortage which has been a major source of concern. The average amount of water resources per capita is only 2,100 cubic metres annually, or about 28% of the world's average level. About two third's of Chinese cities are water needy, while nearly 300 million rural residents lack access



5 Wind Turbines provide 5 million kw of electricity for 4000 households annually

to safe drinking water, leading to a national water shortage of over 50 billion cubic metres on average every year.

In order to solve this problem, TECID, together with Keppel Integrated Engineering Ltd (KIE), a wholly owned subsidiary of Keppel Corporation Ltd, constructed a wastewater effluent polishing unit and a water recycling facility which will produce 20,000 m<sup>3</sup> per day, with the possibility to increase the capacity of recycled water to 42,000 m<sup>3</sup> per day.

TEC also aims to have a 50 percent share of water from non-traditional water sources. This is in line with standards in Singapore and shows how international best practices have been adopted and applied to TEC.

Another aspect of TEC that ticks the practicability box is the many incentive schemes offered for companies willing to invest in TEC. The Chinese government has offered generous support in the form of tax rebates, subsidies for rental and purchase and funds to support green tech industries. The Singapore government has also put in place attractive incentives for



Wetlands at Huifeng Creek



Aerial View of Sino-Singapore Tianjin Eco-City

Singapore-based companies investing in the Eco-City.

### New Green Technologies:

The TEC is as much an experiment as a fully functioning town. Innovative approaches to solving environmental problems are being utilised, such as the pneumatic waste collection system (PWCS). SSTECH has engaged ST Environmental Services & Technologies to install PWCS in the Eco-Business Park, a system which sucks refuse from offices and transports it via vacuum, thus reducing the need for garbage trucks. GM is introducing their EN-V (Electric Networked-Vehicle) in the Tianjin Eco-City. Philips is using the Tianjin Eco-City to test new and energy efficient lighting solutions, while Siemens has set up a joint venture company; Siemens Eco-City Innovation Technologies (Tianjin) Co., Ltd. to consult, research, develop, incubate and commercialise technology solutions that can be applied in urban

infrastructure development and construction.

The main industries in TEC will be centred on clean-tech, low polluting industries- one of which is animation. The National Animation Industrial Park is in operation and has already attracted more than 800 companies.

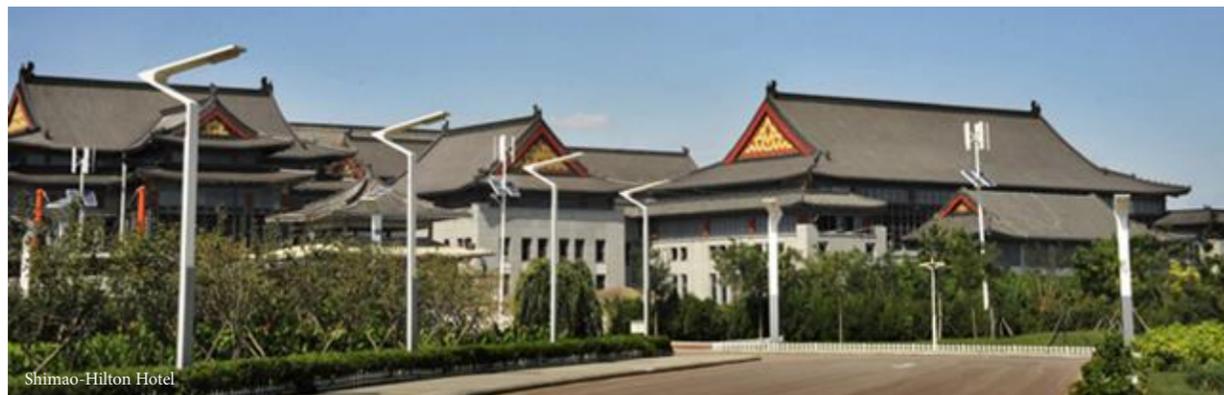
### Eco-Friendly Lifestyles

The progress of TEC is measured by 26 Key Performance Indicators (KPIs). These 22 quantitative and 4 qualitative KPIs stipulate goals and the timeframe for those goals to be achieved. They are meant as guidelines and are not in general legally binding. Some of the KPIs are relatively easy to monitor and implement, such as a KPI requiring all buildings to be Green buildings; based on the TEC Green Building Evaluation Standard (GBES). This standard was developed differently from the national Green Star

Standard. It combines China's Green Star standard with Singapore's Green Mark standard, as well as more stringent requirements for renewable energy use, green coverage, use of water from non-conventional water resources and higher standards of building material usage.

Other KPIs are more difficult to achieve as they require persistent follow-through from the residents of TEC, or are affected by outside factors. Examples of these are KPIs like 90 percent of trips are to be Green Trips (Walking, cycling, and riding public transport) by 2020, or another KPI requiring 60 percent overall solid recycling rate, or domestic water consumption per capita not to exceed 120 litres per day.

Inhabitants of TEC are not required to adhere to any green living rules, so if inhabitants do not choose to adhere to the spirit of the KPIs the TEC may



Shimao-Hilton Hotel

very well not achieve its some of its goals of creating a successful eco-city. Obviously there is an element of self-selection, the SSTECH is hoping families who are more amenable to adopting green lifestyles will move in. There will also be campaigns to promote eco ways of life. However, the current program of campaigns to promote sustainability as a way of life, such as cycling activities, promotion of transport etc, may not be enough to change mindsets in the near future.

Another issue that may be a problem was shown in a World Bank report published in 2009. The report highlighted the lack of non-motorised mobility between eco-cells, which are 400m x 400m. The TEC is divided into four eco-districts which are composed of between 12 and 15 eco-cells. The road design, particularly the six-lane roads, built around the current national standard, favour motorised transport. Whilst this may be a response to the predicted increase

in motorisation in China, this does mean that public transport must be effectively developed or the KPI of green transport may not be realised.

The SSTECH also aims to create a mixed social environment, rather than simply creating an enclave for the rich. To that end one KPI requires 20% of housing to be public housing for relatively low income families. The approximate price for public housing is around CNY 7000 per square metre, compared to around CNY 9000 per square metre in the rest of the TEC. Only those working in the TEC and with an annual family income not exceeding CNY 180,000 are eligible to apply. The first phase of public housing units are furnished, unlike commercial units, and save residents a significant amount of money. However, one point to note is the per capita annual income of urban households in Tianjin is CNY 29,916, a third of the TEC limit. This shows that the SSTECH will attract

quite affluent workers, even amongst the lower-income bracket, to live and work in TEC.

The TEC is taking an adaptive approach to construction, as was seen in the case of Curitiba, in Brazil. The similarity with these two cities lies in the method of gradual development. TEC will be constantly developing over the next 10 years, and there will be many opportunities to reappraise the efficacy of particular decisions. As a result it is difficult to predict the future of the TEC, but whatever happens it will stand out as an attempt to show one vision for city development in China. **B**

### Further information:

SSTECH website (Eng)  
<http://sstech.dashilan.cn/en/>  
 Tianjin Eco-City Website (Eng)  
<http://www.tianjineco-city.gov.sg>

Visit us online:  
[btianjin.cn/130204](http://btianjin.cn/130204)



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# The Great Japanese Stock Revival: Is it time to join the investment rally?

By Josh Cooper



After years of economic turbulence and stock market underperformance, Japanese equities ended 2012 on a high note, after a late year rally which some analysts say will continue well into 2013. Since the start of the country's rise to economic superstardom in the 1960 and 70s, the Japanese economy has been one of the great paradoxes of our time. It is a nation which is responsible for producing some of

the world's most sought after exports in terms of automobiles, electronics and chemical products. It is the world's third largest economy and per capita is one of the wealthiest, most innovative nations in history. Yet for all its economic qualities, the Japanese stock market has, for the most part, been a gloomy setting in recent years. But following the election of a new government and the recent share price revival; is there some light at

the end of the tunnel? This month we look at the pros and cons of investing in the Japanese equities.

## The Pros

**Plenty of opportunities:** Since the Fukushima disaster of 2011, many good quality Japanese stocks have shed value and now have share prices which grossly under represent the company's intrinsic long term worth. Martin Hutchinson, Global

Investment Strategist at Money Morning, recently pointed out that "the Japanese stock market is still trading at less than a third of its 1990 peak". There is no doubt that if investors do their homework there are plenty of golden opportunities nestled in the Nikkei index.

## New government, new economy:

Japan's Liberal Democratic Party recently won an outright majority in the country's general election. Although nobody knows exactly what this means for the Japanese economy in the long run, it seems that the monetary easing and big stimulus spending plans will be rolled out in 2013. So far the speculation alone has led to a stocks market rally and a much needed weakening of the yen. If things go according to plan, 2013 could be a glorious year for equity investors.

## Stability and resilience of Japanese society:

Long term investors in Japan can take a great deal of comfort from the fact that the country's people are resilient, hard working and orientated towards innovation and excellence. History has shown that hard times strengthen the Japanese resolve to work harder, take decisive actions and find solutions. This chart illustrates the rapid turnaround of Japanese GDP growth following the Kobe earthquake in 1995:

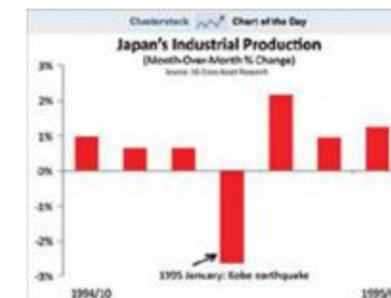


Chart by Business Insider & Societe Generale

**Exporting excellence:** If there is one thing that characterises the Japanese economy, it is the world

class exports which will continue to lead the way within their sectors for many years to come. Think about Toyota, Honda, Sony, Hitachi and all the other Japanese products that are well established household names. Despite the fact that exports on the whole have been in decline for some time, there is little doubt that consumer appetite, particularly from the emerging markets, will continue to drive the Japanese economy going forward. The recent weakening of the yen is certainly very encouraging for export sector investors.

## The Cons

**Debt, debt and more debt:** However optimistic one is about Japan's potential for future economic growth, it is impossible to overlook the country's colossal amount of debt. Currently Japan's public debt to GDP ratio is around a staggering 230%. Even if the new government does manage to reduce the current levels, paying off the debt will undoubtedly take a significant amount of productivity out of the economy and some analysts warn, may even lead to a severe recession.

**Demographic despair:** It is often said that favourable demographics is an essential ingredient for a country to have fantastic growth and

investment potential. Comparative to other Asian nations Japan's population is aging very rapidly. To make matters worse, birth rates are low and the number of young adults who will be able to drive future economic growth is relatively small.

## Exposure to a weak global economy:

Japan's manufacturing and financial sectors are heavily exposed to global markets. The ongoing euro zone crisis and the weak economic outlook in the U.S. will continue to threaten Japanese companies for the foreseeable future. And whilst demand from emerging markets is somewhat softening the blow, many of these economies are starting to show signs of a serious slowdown. The worst could be yet to come in terms of weakening global demand.

## Increasing international competition:

The economic rise of China, India, Brazil, South Korea, Taiwan, Indonesia and other emerging nations presents a double edged sword for the Japanese economy. On the one hand a new consumer base is being created for the country's products, and new opportunities for internal and external investment are arising. However, their economic rise means that Japan will face increased competition from countries with





a larger and cheaper workforce, cheaper manufacturing capabilities and a greater supply of natural resources.

**Final thoughts**

Assessing the risks of investing in Japanese stocks, bonds and other financial assets is a complex

and tricky thing to get right. It is tempting for investors to jump on the current band wagon which seems to be gathering momentum. If the new government manage to pull off the delicate balancing act of repaying some of the country's debt, whilst stimulating the stagnant economy, investors could be looking at big



returns over the next few years. It is important however, to be mindful of the very real risks that are involved when investing in Japanese assets, particularly shares in companies with a lot of exposure to Europe.

So what is the best investment strategy with regards to Japan in 2013? The answer may be to obtain a mild exposure to the Japanese stock market, whilst maintaining a major portfolio stake in solid assets elsewhere in the world. An example of a fund which allows access to good Japanese small caps is the **SPDR Russell/Nomura Japan Smaller Companies Fund**. In terms of individual stock picks, the **Orix Corporation** is probably one of the best players on the market right now, due to its dominant position at the forefront of Asian investment banking. And for investors who are looking for broader exposure to the Japanese stock market, ETFs such as the **Wisdom Tree Japan Total Dividend Fund** and the **MAXIS Nikkei 225 Index Fund** could be the best options.

# Investment News

## Stocks and Shares

**US stock markets enjoy a boost as the economic situation seemingly improves**

A report by the Federal Reserve suggested that "economic activity has expanded since the previous Beige Book report, with all 12 districts characterising the pace of growth as either modest or moderate". American blue chip stocks have seen a decent improvement in their prices over the past couple of months. As the 'fiscal cliff' situation has been resolved for the time being, many analysts are expecting 2013 to be a turnaround year for many shares.

**Britain's FTSE hits 2 year highs going into 2013**

London's FTSE 100 share index recently hit a 2 year peak and is currently trading steadily at around 6,100 points. A calmer situation in the Euro zone over this year, along with steady economic growth in the US and Asia should push the index even higher in the coming months. However, some commentators are warning that there may be significant corrections in the FTSE if the overall price of the index goes too high too quickly.

**The Nikkei rally rages on**

Equity investors in Japan's historically volatile Nikkei 225 index are enjoying an improved market outlook and a recent revival in stock prices. The re-election of Shinzo Abe's Liberal Democratic Party has gone down well with investors so far, and subsequent fiscal stimulus announcements have raised expectations for the country's stagnant economy.

**General Motors announce new expansion and restructuring plans**

American auto giant General Motors, which received colossal government assistance following the financial crisis in 2008, has announced plans to invest USD 8 billion annually in new plants around the globe; with USD 1.5 billion going towards its US operations. The troubled company is also looking to consolidate its position within the electric vehicle market and plans to make this sector more of a priority going forward. Whilst GM's shares will probably remain a 'buy for the brave' for some time to come, investors will no doubt be encouraged by these announcements and the stocks could be pushed higher.

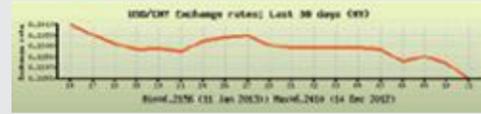
**Ebay's share price is on the rise**

Ebay stocks, which are already trading at historic highs, have been heading even higher since the company announced healthy revenues for 2012. Speculators are continuing to see the online auction company as a 'healthy alternative' within the tech sector as more people are using smart phones to trade on the site. Ebay's long term outlook looks even healthier if you factor in a potential pickup in global consumption going forward.

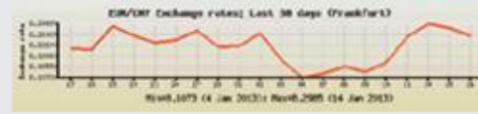


## Currencies

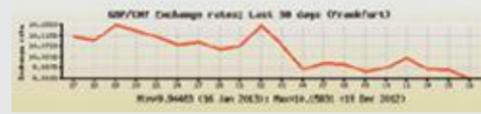
### Dollar - Chinese Yuan



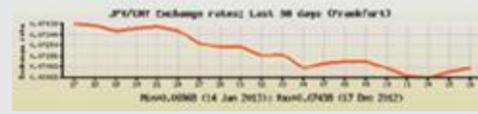
### Euro - Chinese Yuan



### GB Pound - Chinese Yuan



### Japanese Yen - Chinese Yuan



After slipping 11% against the US dollar since December, the recent weakening of the yen seems to be somewhat coming to a halt as the currency strengthened slightly in mid-late January. With Japanese policymakers being keen to see further depreciation in order to boost exports, the situation will be worth watching over 2013. Policymakers in Russia and Luxemburg have warned of a potential currency war if governments and central banks continue to actively promote a weakening of their nation's currency. In other news, the outlook for the Canadian dollar looks less healthy as analysts are suggesting that the country may face difficulties in securing sustainable economic growth in the near future. The World Bank has recently slashed its growth forecasts for Canada in 2013.

## Commodities

Commodity	1 Month Change	1 Year Change
Crude Oil (Petroleum)	-0.10%	-2.96%
Natural Gas	-5.63%	25.12%
Wheat	-3.63%	26.56%
Sugar	-0.57%	-18.02%
Rice	-4.27%	-2.65%
Aluminium	7.08%	3.08%
Copper	3.31%	-1.18%
Iron Ore	7.08%	-3.05%
Lead	4.48%	8.55%
Nickel	6.81%	-4.37%
Gold	-2.14%	1.97%
Silver	-2.74%	3.59%



January was a bleak month for most commodity traders. Precious metals stay firm as many investors remain anxious about inflationary pressures in the US. Platinum markets are seen to be returning back to normal after a recent spate of strikes in mines across Africa. In other news, Japan's top producer of copper, Pan Pacific Copper

Co, recently suggested that supply may soon outweigh global demand for the metal, and therefore significant price corrections could be coming in 2013. Palm oil and sugar are also being touted as potential price fallers this year for similar reasons. In the case of palm oil, Indonesia, the world's largest producer, has already started to stockpile supplies as

exports decline further. Oil recently slipped away from its multi month highs as investors fear that global demand will remain sluggish in the coming months. **E**

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## WORLD CLASS PRE SCHOOL LAUNCHED IN TIANJIN ECO CITY Combined International and Chinese curriculum

The world's largest Kindergarten to grade 12 private education provider, GEMS Education, has opened its first, world class pre-school in China today, in Tianjin Eco City.

The Group's Senior Director and Board Member of GEMS Education, Dino Varkey, said that GEMS was delighted to be supporting Tianjin Eco City, the vision of both the governments of China and Singapore to jointly develop a socially harmonious, environmentally friendly and resource-conserving city in China.

Mr. Varkey said, "I would like to thank all those who have supported us in making this project possible and acknowledge Tianjin Education Committee, Tianjin Foreign Expert Bureau, Tianjin Foreign Affairs Office, Tianjin Public Security Bureau Entry & Exit Administration, ECO-City Administration Committee and officials from the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd (SSTEC).

Mr. Varkey said, "GEMS Education is very excited about opening its first pre-school in China and is proud to be providing educational options to the families of Tianjin Eco City and the surrounding area. We will harness the full range of educational resources across the GEMS global network to make this pre-school one of the very best in the region, because a quality education impacts not only the child receiving that education, but the child's family and the broader community".

The pre-school, known as Little GEMS International, will offer the English Early Years Foundation Stage (EYFS) Curriculum as a framework combining it with key elements of the Chinese curriculum and specially written Little GEMS International programmes designed to promote cognitive development through movement, music, world languages and digital learning.



The UK's Early Years Foundation Stage (EYFS) Curriculum Framework is recognised to be one of the most rigorous in the world.

The overall programme has been developed by GEMS' world renowned early years educationalists. It is based on cutting edge research, particularly into the neuroscience of child development. It focusses on provisions for the child's whole mind: personal, social, emotional, physical, intellectual and cultural development. It includes an understanding of the attributes, attitudes and skills that young people will need to succeed as global citizens.

The programme includes a unique Early Childhood Parental Engagement programme enabling parents to support the learning and development of their children

Professor Pat Preedy, who leads GEMS Education Early Years Programme through Little GEMS International, said "Our approach is based upon four pillars: quality care, quality education, quality staff and partnership with parents and the community. Our team is highly trained, skilled and passionate about Early Childhood Education. Routines and a healthy approach to food and nutrition ensure that children are provided with the key elements needed for healthy growth and development".

Little GEMS International Curriculum  
Spaces are limited. For enrolment inquiries please contact us on:  
Tel: 86 22 66227888 or Email: [admissions@gemseducation.com](mailto:admissions@gemseducation.com)  
Website: [www.littlegemsinternational.com/tianjin](http://www.littlegemsinternational.com/tianjin)  
Address: No. 312 Hefeng 1 Road, Tianjin ECO-City, BinHai New Area, Tianjin 300467



## SAFE Promulgated Its Circular 59 to Simplify the Foreign Exchange Administration Under Direct Investments



Manuel Torres



Lucy Luo

by Mr. Manuel Torres (Partner of Garrigues Shanghai) and Ms. Lucy Luo (Senior Associate of the Legal department of Garrigues Office in Shanghai)



On 21 November, 2012, the State Administration of Foreign Exchange (SAFE) promulgated the Notice on Further Improvement and Adjustment on the Foreign Exchange Administration Policies of Direct Investment (Hui Fa [2012] No. 59, the Circular 59), which became effective on 17 December, 2012.

The Circular's main aim is to improve the investing environment in China, by removing and simplifying some of the relevant administrative procedures and

increasing their efficiency. In total, the Circular eliminates 35 administrative approvals and simplifies another 14. After these amendments, registration procedures will be more common than time-consuming administrative approval procedures and banks will be responsible for some procedures based on the information provided by SAFE. Even though the reform is mostly procedural, the Circular will be very significant because of the extension of changes and the general lessening of the investing and foreign exchange controls they entail.

The Circular is mainly a response from the authorities to the recent decline of foreign investment into China. Between January and October 2012, foreign investment amounted to USD 91.736 billion, down by 3.45% year on year, according to the Ministry of Commerce. However, the Circular also fosters Chinese outbound investment overseas, as some of the measures affect the investment by domestic companies abroad.

The changes reflected in the Notice mainly cover the following issues:

### I. Abolish the approval formalities for account opening and deposit for foreign currency accounts under direct investments:

Replace approval formalities with registration formalities for account opening for foreign currency accounts for preliminary expenses, foreign currency capital accounts, asset realisation accounts, security deposit accounts, banks shall complete account opening formalities for account opening entities in accordance with the registration information of such entities filed with SAFE.

**It is undoubted that the promulgation of Circular 59 is aiming to promote the CNY internationalisation and reform the foreign exchange administration mechanism.**

### II. Reset certain foreign currency account types and limits:

- (1) Cancel former special foreign currency accounts of foreign investors (acquisition type, guarantee type, investment type and expense type).
- (2) Cancel former special accounts for foreign currency security deposit for bidding of land-use-rights by foreign investors and special accounts for foreign currency security deposit for property rights transactions by foreign investors.
- (3) Clarify that security deposit accounts shall include special accounts for overseas remitted security deposit and special accounts for domestic remitted security deposit.
- (4) Clarify that asset realisation accounts shall include domestic asset realisation accounts and overseas asset realisation accounts.
- (5) Abolish the limit on the inter-city account opening for foreign exchange capital account and asset realisation account. SAFE will conduct overall control on the total foreign exchange capitals received by one foreign invested enterprise, whilst it will not limit the quantity of foreign





exchange capital accounts opened by such foreign invested enterprise, nor will it limit the capitals remitted into any single foreign exchange capital account opened by such foreign invested enterprise.

### III. Optimise foreign currency administrative procedures for foreign investors' reinvestment and investment by foreign invested holding companies:

(1) Abolish the approval procedures for foreign investors' reinvestment with their earnings legally obtained in China, i.e. capital reserve, surplus reserve, undistributed profits, profits, capitals obtained from equity transfer, capital reduction, liquidation and advance recovery of investment, as well as registered foreign debt (including interest). As a result, the accounting firms may process capital verification and certification formalities in accordance with the foreign exchange registration information of the foreign invested enterprises invested by such foreign investors.

(2) Abolish the approval formalities for fund transfers for the onshore investments made by foreign invested holding companies and approval formalities for onshore transfer of foreign currency profits, dividends and bonuses to the foreign invested holding company. Banks could process afore mentioned onshore fund transfer formalities upon examination and verification of supporting documents.

(3) Abolish the capital verification and certification formalities for the investments purely made by foreign invested holding companies.

(4) Foreign invested venture capital enterprises and foreign invested equity investment enterprises shall apply the same foreign currency administrative guideline of foreign invested holding companies.

### IV. Simplify current administration procedures to cross border merger and acquisition to domestic entities:

Where a foreign investor fully pays the consideration for such equity transfer in cash, upon duly filing with the bank, the confirmation registration for capital contribution for the foreign investors' acquisition of equity of domestic

entities will be automatically completed through SAFE's administrative system. In case, the consideration is made in non-monetary form, the domestic entities whose equity is acquired by the foreign investors shall file confirmation registration for capital contribution before SAFE.

### V. Abolish approval formalities for foreign exchange purchase under direct investments and overseas payment:

The Circular has abolished the approval formalities for foreign exchange purchase and overseas payment by foreign investment enterprises for capital reduction, liquidation, payment of proceeds from advance recovery of investment to foreign investors, abolished the approval formalities for preliminary expenses of overseas investments remitted overseas by domestic organisations, abolished the approval formalities for foreign exchange purchase and payment for transfer of commodity housing in China by overseas individuals and domestic branches and representative offices established by overseas organizations. Upon duly filing with SAFE, banks shall process the formalities for foreign exchange purchase and overseas payment with the registration information in SAFE system.

### VI. Loosen restrictions on the fund operation under direct investment:

Circular 59 has loosened the restrictions on the inter-city purchase and payment of foreign exchange and the restrictions on the source and subject of overseas advance. Pursuant to Circular 59, a domestic entity may use the proceeds of domestic foreign exchange loans to make overseas advance, and a foreign invested enterprise may make overseas advances to its overseas shareholder. Nevertheless, the amount of which may not exceed the aggregate of the profits distributable to such foreign investors but not actually transferred out of China and the profits distributable but not actually distributed to such foreign investor.

### Conclusion

Circular 59 has abolished 35 approval procedures in relation to the foreign exchange administration and has simplified or consolidated 14 administrative approval procedures. It is undoubted that the promulgation of Circular 59 is aiming to promote the CNY internationalisation and reform the foreign exchange administration mechanism, which would definitely facilitate the foreign investment and trade in China. However, in practice, the filing procedure will also be regarded as an alternative of administrative permission. It will take time to examine whether Circular 59 does simplify the foreign exchange administration procedure or not. **B**

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PEI YANLING'S 60TH ANNIVERSARY OF STAGE CAREER

# 甲子四折

## 裴艳玲

从艺六十周年戏曲专场

天津大剧院 歌剧厅

Tianjin Grand Theatre Opera House

2.16-17 19:30

主演 裴艳玲

演出 河北省京剧院

2月16日《浣沙记·寄子》《翠屏山》

2月17日《平贵别窑》《武松醉打蒋门神》

# Unscrambling the Amendment to the Labour Contract Law



Simon Bai  
Winners Law Firm



The Decision on Amending the Labour Contract Law was passed by the 11th Standing Committee of National People's Congress in its 30th session, held on 28 December 2012; the Amendment shall come into effect on 1 July 2013. The amendments reflect further improvements and refinements regarding labour dispatch policies, the core concept of which is to perfect employment system, to regulate the employment market, as well as to strictly refine the labour dispatch scheme. It is hoped that this piece will help employers to comprehend the content of the amendment..

## I. Factors behind the amendments

The number of labour-dispatch company has increased significantly since the promulgation of the Labour Contract Law in 2008. The scope of labour dispatch employment has experienced rapid expansion whereby in the meantime it has given rise to a number of related problems, such as has been represented in several aspects. Mainly and namely, these are: labour dispatch companies become too big and were poorly regulated; secondly, there are a number of companies who keep the dispatched workers for overly long periods of time and even have labour dispatch as their major employment mode; thirdly, dispatched

workers receive lower remunerations while working on the same post. The abuse of the labour dispatch system not only harms the workers' legitimate rights, but also brings negative impacts on the regular employment mechanisms and the labour contract system. For such concerns, the Legislative Affairs Commission of National People's Congress took the lead to conduct a survey in relation to labour dispatch, based on bringing forward amendments to the Labour Contract Law.

## II. Clauses of the amendments

The Amendments mainly cover the following four areas: (i) raising thresholds for the establishment of a labour dispatch company; (ii) Strictly limiting the scope of employment posts for labour dispatch; (iii) following the principal of "same post same wage" for dispatched workers; (iv) intensify penalties regarding violations of the law.

### i. Raising thresholds for the establishment of a labour dispatch company

The current applicable Labour Contract Law requests the registered capital of a labour dispatch company no less than CNY 500,000. The Amendment however increases the amount to CNY 2,000,000. A qualified place of business plus a labour

dispatch management system are also mandatory requirements to set up a labour dispatch company. Furthermore, the establishment of such companies shall adopt the system of administrative license, "those companies who undertake labour dispatch services shall lawfully apply for an administrative license from the labour administrative department..... Without a license, neither corporation nor individual shall undertake any labour dispatch services.

It is hereby recommended that an employee company should be careful and prudent to select a labour dispatch company, be aware of the need to verify whether the dispatching company has satisfied the statutory qualifications as stated in the amendment. If the current dispatching company does not conform to the new law, it is suggested to select a new one instead upon the expiry of the labour dispatch service agreement currently in force. Otherwise, the employing party will be suspected of breaching the law and would be subject to penalties in accordance with the amended labour contract law.

ii. **Strictly limiting the scope of employment posts for labour dispatch**  
It is clarified in the current applicable Labour Contract Law that "labour dispatch is generally practiced on posts where there are temporary, supplementary or substitutive". However it clearly did not offer the exact definitions of these "three terms", which has consequently left room for its broad application. It is explicitly delivered by the amendment that labour dispatch is merely to be a supplementary mode of employment. Furthermore, the "three terms" aforementioned have been specifically defined, "a temporary post shall refer to a one which exists for no more than 6 months; a supplementary post shall refer to a non-core business post that exists to serve the core business posts; a substitutive post shall refer to an employee whose work can be done by dispatched labour as a replacement since the employees of the employing company are not able to work for a certain period of time due to off-production studies, on-leaves and so on." As a result, the room for application of labour dispatch services is significantly narrowed.

Nevertheless, considering the actual needs of labour dispatch services by various corporations, the legislator, while limiting the definition of the "three terms", has left room free for practice at the same time. It is stated that the establishment of one "term" instead of all "three terms" can be sufficient to employ labour dispatch service. As a consequence, although the definitions of "temporary" and "substitutive" are clear, the meaning of "supplementary" varies according to different professions and different corporations; hence it is indeed very tricky to have a yardstick in actual practices, and therefore an employing company may take their own measures to retain labour dispatch employment. Surely, the legislator is afraid of any abuse of the labour dispatch policies by employing companies, so a limit is placed upon it, whereby the law states that "an employing company should make sure that the quantity of dispatched workers is strictly limited, which shall not exceed a certain proportion of its total employment, and the exact proportion shall be determined by the Labour Administrative Department



of the State Council.” However, as how this proportion is determined shall still remain an outcome of the discussion among various parties.

### iii Settling the right of “same post same remuneration” for dispatched workers

Although it is stipulated in the current applicable law that dispatched workers shall enjoy the right of “same post same remuneration” as the employees of the employing company, it is hardly achieved in practice. Dispatched workers generally receive lower wages. To bring some changes, the Amendment pays attention to this issue, and requires that “an employing company shall distribute the same labour remunerations to dispatched workers who work on the same post as the employees in the company... both the dispatch agreement and the employment contract shall explicitly include remuneration terms in accordance with the aforementioned provision.”

Yet the author reckons that comparing to the Labour Contract Law currently in force, the amended version has not

**Although it is stipulated in the current applicable law that dispatched workers shall enjoy the right of “same post same remuneration” as the employees of the employing company, it is hardly achieved in practice.**

brought many innovations upon the existing articles. Therefore, the key for whether the idea of “same post same remuneration” can be achieved shall be the case of enforceability of the administrative bureau.

### iv Intensifying penalties regarding violations of the law

The current applicable Labour Contract Law only contain penalties against dispatching company who shall face a fine of more than CNY

1,000 but less than CNY 5,000 for a severe violation. Such a penalty has been raised by the amendments, and it has been stated that not only the dispatching company may face penalty but the employing company too, and the amount of fine has been increased to more than CNY 5,000 less than CNY 10,000. Where the employing company has caused losses to the dispatched worker, the dispatching company and employing company shall be jointly liable for damages.

In addition to the change of law, the Amendments also states that any employment contracts and dispatch agreements which concluded prior to the promulgation of the Amendments shall remain in force until expiry, but if the remuneration terms in such agreements are in violation of “same post same remuneration”, then they shall be adjusted as per the provisions in the Amendments. **B**

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# Driverless Cars

By Justin Toy



Imagine getting ready for work in the morning. You, your wife, and your kids have to be in three different places across the city. After a hearty breakfast, everyone piles into the car. You and your wife are sending work e-mails on your smart phones, while your children are in the back seat playing the newest version of Angry Birds on their tablets. The car stops at school first and drops the kids off. The car then drops your wife off at work, then you get out at your office. From there, the car then goes to the dry cleaners, where the employees there will unload your family’s dirty clothes from the trunk. Afterwards, the car goes to a parking garage where it will wait for a text message from one of the family members for a ride home. Sounds like something out of a science fiction film? The truth is, this technology is not far from becoming a reality!

There are few things that come to mind when thinking of what is worse than driving in rush hour traffic in the city. A drive that might only take 10 minutes without traffic, can easily take over an hour during peak times. There is no easy way to solve this problem; building subways takes a lot of time and is extremely expensive, building more roads is also costly and can actually encourage more people to drive, and setting up driving restrictions (ie: quotas, CBD taxes, etc.) can be unfair and favour the wealthy. Driverless car technology could be the answer to our urban congestion problems. Though the technology is still in its infancy, there is a lot of focus on developing and implementing this technology sooner than you might imagine.

The main force behind driverless car technology is safety and efficiency. User error and driver inattention

cause almost all accidents on the road every year. Human drivers making snap judgments about hundreds of different decisions, such as how far to keep from the car in front, how fast to go when the light turns green, should I slow down to rubberneck at that accident? The idea behind the technology is to sit back and let a computer with sophisticated hardware make all the calculations and do all of the decision making while interacting with the other cars on the road, creating a more efficient flow of traffic on the road than the network that is already in place.

Google has been leading the way in developing driverless car technology. The project has been led by Sebastian Thrun, director of the Stanford Artificial Intelligence laboratory and co-inventor of Google Street View. As of 1 March 2012, Google has been testing their driverless car technology



on the streets of Nevada and have since been allowed to operate test cars in California and Florida as well. They have equipping Toyota Priuses with a range of cameras, radar sensors, and laser range finders to see other traffic. They also have sophisticated software that works with Google Maps in order to navigate routes. During this testing phase, at least one human driver has always been present in the car ready to take over in case there are any malfunctions. Google has announced that their driverless cars have successfully driven over 300,000 miles without an accident, a much better record than the average

### The truth is, this technology is not far from becoming a reality!

human driver. Google is not the only company developing driverless technology. Toyota and Audi are hard at work on their own systems and have recently unveiled new luxury cars at the Consumer Electronics Show (CES) in Las Vegas that come equipped with radars, cameras and lasers that will help the driver to navigate road

lanes, traffic lights and signs, as well as avoiding other cars on the road.

#### Future Implications

The driverless car revolution is still some years away. Google estimates that it will be another decade or even longer before we see widespread integration of driverless cars on city roads. One thing is for certain, when driverless cars become mainstream, they will bring sweeping changes with them.

**1. We will move into a new era where cars are used more efficiently.** According to one study, the average private car sits idle 95% of the time.

day it can be quite a hassle to go to the grocery store, pick up dry cleaning, and provide routine maintenance for your car. Imagine being able to pre-purchase groceries from your phone and then sending the car to pick them up. No longer will you need to go for routine oil changes every 3000 miles and wait while it gets done, the car will drive itself to the mechanic shop and have itself automatically serviced.

**3. Traffic will flow more efficiently, also allowing you to save time.** Traffic in the future will be able to flow bumper to bumper while moving at a safe and constant speed. Traffic lights and traffic signs would no longer be necessary as computerised cars communicate with each other and weave through busy intersections. Meanwhile, you can sit back and get work done during your commute home.

**4. Car design will be different.** If our future cars don't require a driver, then the design will be altered. We won't need a steering wheel or driving pedals, instead we will need more forms of entertainment and utility in the car. Perhaps your windshield would be a form of Google Glass, allowing you to work on important documents or attend a video conference call. Also, since there would be virtually no accidents (they are mostly all caused by human error), cars could be made from cheaper, lighter materials which would help reduce the costs.

**5. Industries would be affected.** Taxi drivers, bus drivers, truck drivers and anyone else who earns a living steering and driving automobiles would be out of a job. The taxi and car rental industries would be consolidated into one service. Long distance buses between cities would be cheaper, faster, and more frequent as there would be no need for a driver and traffic would be more efficient. Chartering a bus or mobile home would be easy to do and cost efficient for tourists, who would need less hotel rooms.

While it may be a long time before we see driverless cars as the norm, it is possible that we could see them implemented in Tianjin before anywhere else in the world. At the Sino-Singapore Tianjin Eco-City, General Motors has been given the go ahead to implement their next-generation driverless EN-V (Electric Networked-Vehicle). The EN-V is a zero-emissions vehicle which is powered by lithium-ion batteries and can be recharged by a conventional wall outlet. It can go 40 kilometres on a single charge, more than enough for travelling within a city, and can be driven manually or autonomously. It is quite exciting to think that Tianjin could pave the future for a widespread implementation of driverless cars. **B**

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# Research and Development in China for European Businesses:

## Part 2



Philippe Healey,  
Project Manager,  
China IPR SME  
Helpdesk



An important component of your business strategy in China should be the management of intellectual property (IP) portfolios. This is relevant to you even if your main business activities do not focus directly on research and development (R&D). For more on developing your R&D strategy in China by structuring your IP ownership and licensing, see the first instalment of this two-part article in the previous edition of Business Tianjin.

### Building valuable IP Portfolios

After European SMEs come to an agreement on ownership and licensing issues with Chinese partners, the real steps to developing a valuable IP portfolio require good discipline and good management. Due to budget constraints for most SMEs, it may not be entirely realistic to apply for and register all their inventions, and therefore scrutiny is required to figure out which are the 'must-

file' patents. Always remember that it is extremely difficult to enforce your rights or prove ownership for inventions that are not patented.

Below is a check-list of essential actions to keep in mind:

- **Quality patent drafting:** The initial draft can be done in Chinese or a foreign language. You may even file an international application (PCT) from China if it is justifiable to do so from the cost and strategic perspectives. However, if the application needs to be translated, attention should be given to the quality of translation.
- **Foreign filing licence:** If the invention is made in China, either by Chinese or European engineers, the filing of the invention for patents requires a foreign filing licence, which is given by the State Intellectual Property Office (SIPO).

Very often foreign filing licences are granted quickly unless the technology relates to sensitive areas such as national security.

- **Filing entity:** If you are dealing with a Chinese entity, which is set up by a foreign SME, alone or jointly with a Chinese business partner retaining of all the IPR ownership, the Chinese entity must file patent applications under its own name. The patents can later be transferred or licensed to the foreign SME. If a foreign SME manages to be the sole owner of all the technologies under the R&D activities, the SME may apply for the patents under its own name.
- **Transferring of patents after the filing:** The Chinese government has imposed restrictions on (or in certain instances has banned) the transfer of ownership of certain types of technologies to foreign companies or individuals. Such types of technologies mostly include unique innovations, or otherwise have significant long term effects

on China's social, economic and technological interests. For example, prohibited technologies for export could include those related to the manufacture of traditional Chinese medicine, land surveying, the breeding of livestock, encryption and computer network security. If foreign SMEs believe that the technologies developed under their R&D activities in China are somehow sensitive, it is advisable to check the Catalogue of Export Restricted Technologies and the Catalogue of Export Prohibition Technologies.

- **IP other than patents:** Besides patents, copyrights and trade secrets can also be of high importance. IP ownership or licensing agreements should include detailed information on both copyrights and trade secrets. Regarding copyrights, registration of the copyrighted works with authorities such as the National Copyright Administration is not required, but can be helpful as proof of these rights.

- **Recording and registration for licences:** If IP licensing is adopted in R&D activities, registration and recording requirements may be necessary under Chinese laws and regulations. Technology licences may need to be registered or recorded with local government authorities such as the Chinese Ministry of Commerce (MOFCOM) and the State Intellectual Property Office (SIPO) in order to comply with several legal requirements. If the licence has royalty payment clauses, the recording and registrations are necessary under the foreign exchange control rules for the payments to be remitted through local Chinese banks to overseas bank accounts.

- **Employee remuneration rules:** If a European SME hires employees to conduct R&D and to contribute to inventions, it is important to note Chinese employee remuneration rules. These rules are intended to ensure that inventors get fair returns



and benefits from the patents they invent. The current rules allow the employer and employees to dictate how the employees are rewarded for their inventions. However, in the absence of an agreement between the employer and employee, default rules under the Chinese patent law will be implemented. For example, an inventor or 'creator-employee' may claim for 2% of the business profits annually derived from the invention or utility model patents he or she invented. It is also important to remember that if the remuneration agreed in the contract is too low (and therefore deemed 'unreasonable' under Chinese law), the term on the remuneration in the contract may be void and the employer will end up paying a higher amount in fees. In order to understand the definition of 'reasonable' reimbursement, reference may be made to the Chinese patent law, which requires, in the absence of other agreements, the employer to give a bonus of no less than CNY 3,000 to an employee who completes an invention patent, and CNY 1,000 to an employee who completes a utility model or a design patent.

#### What to do?

A European SME has come up with a very unique algorithm and prototype software in the video searching field. The SME has identified a promising business partner in China with whom

to conduct joint R&D. The purpose of the joint R&D is to launch a software product which is suitable for Chinese search engines. The Chinese business partner has an R&D team and impressive marketing capability in China. The Chinese business partner is offering equity in its current company in exchange for the IP rights to the future R&D. How should the IPR issues be handled?

**If a European SME hires employees to conduct R&D and to contribute to inventions, it is important to note Chinese employee remuneration rules.**

#### Advice

**IP ownership:** The market potential and strength of the Chinese business partner are likely to make it difficult for the European SME to retain the full IPR ownership. A co-ownership of IP in China and full ownership of IP outside of China may be considered.

**Licensing:** The European SME should think about the potential applications

of its algorithm and software in sectors other than search engines. The SME may consider the option of giving an exclusive licence to the Chinese business partners for the search engine sector, but retain the right to use the technologies for other business applications, e.g. security surveillance or traffic control systems. If the SME desires to have a licence given back from the Chinese business partners for those future improvements, the SME is advised to take into account the possibility that the joint-venture is terminated or fails in a situation like bankruptcy of the Chinese business partner. Under the bankruptcy law in China, a licence given by the bankrupted entity may be revoked without compensation.

**IP Portfolio:** The European SME should enter into a contract with the business partner to dictate how the patents are going to be filed, how to manage the non-patented technologies, source codes, etc. This will be critical in order to minimise the risk of disputes in the future.

#### Take-Away Messages

- Investing time and resources into protecting your intellectual property assets should be considered worthwhile even if you do not focus on R&D activities. In most cases, intellectual property rights protect your business' innovations and therefore your competitive edge; not protecting them could prove fatal!
- To build quality IP, you need to manage several important aspects: patent drafting, foreign filing license and employee remuneration etc., on an on-going basis.
- For more information on the intellectual property rights mentioned in this article, download Helpdesk guides from [www.china-iprhelpdesk.eu](http://www.china-iprhelpdesk.eu) 

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# HR in a (Gradually) Rebounding Economy

By Robert Parkinson, CEO and Founder of RMG Selection



2012 was a year of wait and see, considerable moments of economic 'breath-holding'. Finally, it seems that we have a consistent stream of positive economic signs: Growth in industrial output, growth in the Shanghai composite and an increase in the rates of both replacement recruitment and new hires.

However, as I return from my Christmas vacation, and am encouraged by the good news being reported, I'm mindful of both the situation in early 2012, and 2009, and it seems appropriate to remind ourselves that sound HR practice for tough times is often sound HR practice in good (or improving) times too.

If we cast our mind back to early 2012, there were regular stories about redundancies and restructuring in some of the less-well hedged sectors, including banking/finance and technology. According to the statistics from Bloomberg News, the total number of layoffs published by

multi national enterprises all over the world was reported to be 94,369 over a period of 40 days starting from 10 January in 2012. This was 26,561 more layoffs than were reported in the same period in 2011. This affected a variety of fields ranging from finance to IT, to cosmetics and even the food industry. China for a long time was thought to be a 'redundancy immune' area, but this conception has changed. In October, 2012, Motorola announced that they were reducing their workforce by 4,000 all over the world, retaining only 3 research centers, which are in Los Angeles, Chicago and Beijing. This leaves 500 highly educated employees in the Nanjing Motorola Research Center facing the prospect of redundancy. Chinese companies such as Li-Ning and Vancl reported similar cuts being made to their work force. This places a great deal of responsibility on HR departments in the upcoming year. In 2013 HR departments must be prepared to balance areas of their business which are growing, with areas of the business where cost-control pressures are highest.

Supporting departments are usually the first place the senior management of a company looks at when cutting costs. There is a logical reason for this when looking at the short term. Support staff members do not directly generate revenue for a company. Meanwhile, human capital in a company is generally the first or second largest expense, in some industries representing 45% of the average gross expenses. And unlike fixed capital, labour expenses are not directly attached to a loan obligation so a reduction in the work force immediately impacts the company's income statement. There are also reasons that reducing labour costs may not seem as attractive when taking a long term analysis. US Federal Reserve Chairman Ben Bernanke points out that capitalist production goes through four part cyclical; it must go through a depression, a period of increasing activity, a period of prosperity, followed by an overproduction crisis and stagnation. The world had experienced 7-8 of these economic cycles since World War II. Therefore, we should consider the changing of economic environments when coping with economic downturns. This is why we must face a period of slower economic growth efficiently and take appropriate measures and implement proper strategies.

Here are the some solutions which RMG has provided to its customers that can save considerable costs without causing redundancies:

- **Reorganise working time.** Strategic adjustments to working time during special periods may be enough to help the company meet its goals. For example, some companies' workforces accept having their working time adjusted from 8 hours/day to shift work of 4, 5 or 6 hours, or they change the working time from 5 days/week to 4 days/week. There are various kinds of working time reorganising patterns like this that some employees actually welcome. This is also a good example of a solution which

might be appropriate during good times as well as bad.

- **Reorganise working time by training.** Under this circumstance, shortening the working time is encourages employees to carry out training in their spare time rather than forcing employees to have days off. This leads to greater long term efficiency from the employees while saving the company money in the short term.
- **Red reorganisation.** Fixing wages for a certain time and eliminating redundant workers is one solution. Whilst reducing redundant workers the company should still pay special attention to key employees who add the highest value. Steps should be taken so that they do not leave the company because a competitor is offering a higher salary.
- **Human Resource contracting/ Human Resource recruiting company.** This is different from the former point. In this case, the companies have the flexibility to re-employ staff on a more flexible basis-although of course at a premium on their monthly salary. This might be the solution if the company does not expect various productions every day from their employees, because the human resource agencies help to take risk for them.
- **Telecommuting.** Telecommuting is one of the ways human resources departments can outsource expensive labour. It is not widely utilised because of some hidden faults. If it is lacking proper infrastructure and controls, the company may find itself losing productivity. This can require special human resource supervision and if the company is not properly setup to handle these challenges, the additional time and expenses associated with telecommuting may not prove worthwhile.
- **One year sabbatical.** When using this method, the company promises the employee to take a year off of work with the understanding that their position will be waiting for them when they return. For certain

employees this may prove to be very attractive as it would allow them time to travel, start a family, or care for a sick relative. For the company, they can reduce their labour costs in the short term without losing their talent long term.

The reason why the HR department is unique is that their management is related to various aspects of the enterprises. All of these activities should improve efficiency, resist downsizing when possible, and maintain growth potential whilst waiting for the economy to rebound.

Short-term activities aim at reducing internal and external costs and it takes up to 3 months to see full results. Short-term activities will be realised by identifying personal costs savings potential, analysing and optimising development and training costs and the optimising HR service provider cost.

Medium-term activities aim at streamlining processes, infrastructure and optimising internal sources. They tend to takes 6 months in total and many includes:

1. **Process and organisational optimisation of HR.** Focus on the utilisation of individual positions within the HR department and on individual processes in terms of their efficiency. Propose or optimise indicators (KPIs) to measure the performance of individual HR processes and principles of the motivation system applicable to HR employees;
2. **HR information system optimisation.**
3. **Optimisation of total rewards and review of the employee performance management system.**
4. **Increasing sales team efficiency.** Improve the efficiency of your sales teams by optimising the sales process and organisational structure of the sales network, and by optimising the sales people's remuneration and training system covering the sales area.

5. **Outplacement.** If the redundancy is inevitable, use outplacement programs and help employees to cope with their difficult situation. By doing so, you will promote the positive image of your company to other employees and strengthen their confidence in the company.

Long-term transformation activities aim at increasing efficiency and modernising the corporate strategy. These usually take about 1 year and mainly includes:

1. **Key workforce segments management and motivation:** Identify employees with high potential at all organisational levels and key employees whose skills are hard or very expensive to replace. Focus on these particular groups of employees and find out what motivates them to deliver high performance services and stay with your company. Adjust motivation programs for these key employees.
2. **HR Strategy:** Review or design a new HR strategy in cooperation with other managers, which will reflect your business needs and be aligned with long-term corporate objectives. Analyse your HR processes and propose their redesign as to make HR activities more efficient and devote saved time to projects.

**It should also be kept in mind that slower economic times are also opportunities.**

3. **Leadership development:** Keep or restructure your budgets for development activities. Review your training and development system so as to develop those skills of employees which are really needed by the company. Introduce the system of differentiated development; focus on individual development activities such as mentoring and coaching for selected employees who are good prospects for the company in the long term.
4. **Talent management and workforce planning:** Ensure that the key employees stay with the company. Identify the demographical situation of the company. Are there any qualified staff members who may retire in the near future? Consider up front possible departures of your employees and their potential replacements. Identify successors internally or start looking around on the labour market well ahead of time. At the

same time, use your time to develop your current employees who will help you, together with new hires, to lead the company out of the crisis and increase its chances of fast growth in the coming period.

5. **Corporate culture:** Strengthen internal communication to make it implicit within the corporate culture. Organise regular meetings with employees and inform them of the company's latest results and development, build a strong corporate culture and keep them as key 'links' between employees and the company and as an important retention factor.

It should also be kept in mind that slower economic times are also opportunities. Many competitors choose to sleep in tough times, meaning that client-acquisition is actually opportune. Tougher economic times are chances to get the enterprise (big or small) in good order, and to cut the fat, so that as better times return, as they seem to be in 2013, the business is leaner and more nimble, and therefore better able to capitalise on a returning market. 

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# Prime Office Market as at Q3 2012



Q3 2012 was a quiet period in China in terms of completed transactions, although investors nevertheless retained a strong appetite for well-located, high quality commercial assets. Foreign groups had numerous transactions in the pipeline but it remained very complex for overseas buyers to complete deals in China given the lack of quality stock, difficulty in establishing an appropriate ownership structure and often lengthy period it takes to finalise agreements.

Buyers continued to seek greater exposure to sectors and assets tied to the domestic Chinese market as the government places greater emphasis on stimulating domestic consumption. Retail assets remain highly sought after with most overseas buyers seeking value added or

opportunistic deals. However, there is very little quality product currently available for sale. Industrial and logistics properties are the subject of strong interest thanks to rising demand for quality facilities as the domestic retail market expands. Opportunities in this sector are also hard to come by, however, and it is challenging to locate good quality large assets. Business parks are also attracting increased attention from investors amid rising occupier demand for such accommodation from big name tenants seeking to escape high rental prices in cities such as Beijing and Shanghai.

The main focus of attention remains on the office sector where demand for high quality, well located assets with a good tenant profiles remains firm in tier I and leading

tier II cities. In the residential market conditions are still challenging but the period saw greater optimism amongst investors that there could shortly be some relaxation of the severe cooling measures currently implemented on sales in this sector.

Banks remained cautious towards providing financing for real estate during the period and funding continued to be expensive and difficult to obtain. The majority of domestic developers were not actively looking to acquire new land, preferring instead to focus on completing existing developments and utilising their existing land banks.

The bulk of deals continue to be completed by domestic groups including State Owned Enterprises, private buyers and domestic RMB funds. Insurance companies are also expected to become more active in the market going forward following

the China Insurance Regulatory Commission's (CIRC) recent move to relax its restrictions on permitted investments, enabling insurance firms to invest up to 15% of their total assets in non-self-use real estate.

The outlook remains a relatively positive subject to any dramatic negative developments in the Eurozone. Whilst there is much talk about weaker growth in the domestic economy, there are no signs of a slowdown in investment in the real estate sector. Although many foreign buyers have taken a more conservative view on pricing and a price gap is beginning to emerge between buyers and sellers, domestic groups are less sensitive as they are generally acquiring more for their own requirements and self-use.

Net absorption in Beijing declined significantly to 36,200 sq m as market sentiment weakened despite demand continuing to outstrip supply. Vacancy declined marginally to 3.8% and rental growth slowed further to just 0.5% q-o-q. Corporations generally took longer to make leasing decisions but those in the automotive and pharmaceuticals sectors remained active. The lack of office space continues to inhibit major transactions alongside the softening demand.

Shanghai witnessed an active period as the completion of seven new office buildings in core submarkets resulted in a five-fold increase in net absorption to just under 185,800 sq m. The addition of the new stock also resulted in a slight rise in vacancy from 6.7% to 8.0%. Grade A rentals

in core submarkets fell by 1.7% q-o-q, but decentralised locations registered growth. A number of multinational companies postponed expansion moves amid the ongoing economic uncertainty. Rents are likely to be flat as the domestic economy slows but a significant fall is unlikely based on the moderate pipeline of new supply.

In Guangzhou, net absorption weakened to 84,400 sq m as overall leasing demand continued to slow. However, small domestic financial companies, insurance firms and State Owned Enterprises still committed to space for expansion or relocation. Space in existing buildings continued to be filled, driving down vacancy by 136 bps to 11.9%. Grade A rents increased by 0.3% q-o-q but may come under slight downward pressure as new projects in the Pearl River New City offer lower rents to attract tenants.

Shenzhen recorded net absorption of just 16,200 sq m as overall market sentiment remained soft despite a small uptick in leasing demand from multinationals. The period saw some flight to quality activity by firms in the financial and electronics sectors and vacancy fell to 8.6%. Grade A rents rebounded from a 1.0% decline in Q2 2012 to a 4.0% increase in Q3 2012. There is a strong pipeline of new supply over the next two years but half of this has been earmarked for self-use and will therefore only exert a minimal impact on rents and vacancy.

### Demand Drivers

Leasing activity in China continued to slow in Q3 2012 as weaker domestic growth and the poor global economic

Country	City	Class	Gross or Net Floor Area	Per Local Measurement	Prime Rent Local	US\$ / sq ft Annual *	Q-o-Q Change (%)	Y-o-Y Change (%)	Vacancy Rate (%)	Typical Lease Length (yr)	Rent Free Period (mths)
China	Beijing - CBD	Grade A	800 sq. m. p.m.	700	172	0.00%	7.20%	5.60%	2.3	1-2	
China	Beijing - Zhongguancun	Grade A	800 sq. m. p.m.	400	181	0.00%	8.10%	8.50%	2.3	1-2	
China	Beijing - Finance Street	Grade A	800 sq. m. p.m.	700	172	0.00%	20.70%	3.00%	2.3	1-2	
China	Shanghai - Pudong	Grade A	800 sq. m. p.m.	426	185	0.00%	21.70%	7.50%	2.5	0-2	
China	Shanghai - Puxi	Grade A	800 sq. m. p.m.	395	99	-7.10%	-3.70%	8.50%	2.0	0-2	
China	Guangzhou	Grade A	800 sq. m. p.m.	220	64	0.00%	-8.00%	11.90%	2.3	1-3	
China	Shenzhen	Grade A	800 sq. m. p.m.	275	89	0.00%	13.40%	8.60%	2.7	1-3	
China	Hong Kong - Core Central	Net	100 sq. ft. p.m.	141	219	-1.40%	-19.00%	5.20%	3.6	1-6	
China	Hong Kong - Outskirts	Net	100 sq. ft. p.m.	99	153	0.00%	6.70%	1.60%	3.6	1-6	

Source: the above article is an excerpt from Q3 2012 Asia Pacific Offices Market View

environment forced retailers to turn more cautious. Although selected domestic and international retailers opened new stores in key markets, most groups have seen sales growth weaken in recent months and consequently have opted to be a lot more conservative in their expansion strategy. Retailers are now carefully identifying key markets and focusing on top requirements. However, despite the slowdown, demand for space in key areas continues to outweigh new supply.

### Geographical Trends

International retailers continue to expand in Shanghai as new shopping centre supply comes on stream. Quality space in Beijing remains hard to come by, especially for the upper mid and top tier brands. Just one new high end mall in a core district is scheduled to be completed before the year end. Chengdu is an attractive market for luxury and accessible luxury retailers because of residents' strong spending on consumer goods. However, options to expand in this market are limited for the moment as major new projects will not open until next year. Shenyang and Hangzhou are also on international retailers' radar whilst a number of

luxury brands have lodged enquiries for space in Hefei. Retailers are also launching flagship stores in Guangzhou.

### Trends by Nationality of Company

Chinese retailers continue to expand – particularly in tier II, tier III and tier IV cities – but are focusing more on setting up profitable stores by securing favourable commercial terms as opposed to launching high profile shops in core locations. A number of domestic groups are expanding abroad to elevate the profile of their brand. International retailers continue to account for the bulk of demand in major cities in China and are expanding steadily. Among them, brands from the United States – generally those in the affordable mass market fashion sector – continue to dominate demand. Recent quarters have seen activity from Australian retailers, mostly in the affordable fashion accessories sector. Interest from Korean groups in the fashion and electronics sectors has also risen in recent months. There will be a particularly strong surge of new international entrants at the end of 2012 and beginning of 2013 when several new projects are completed in Shanghai.

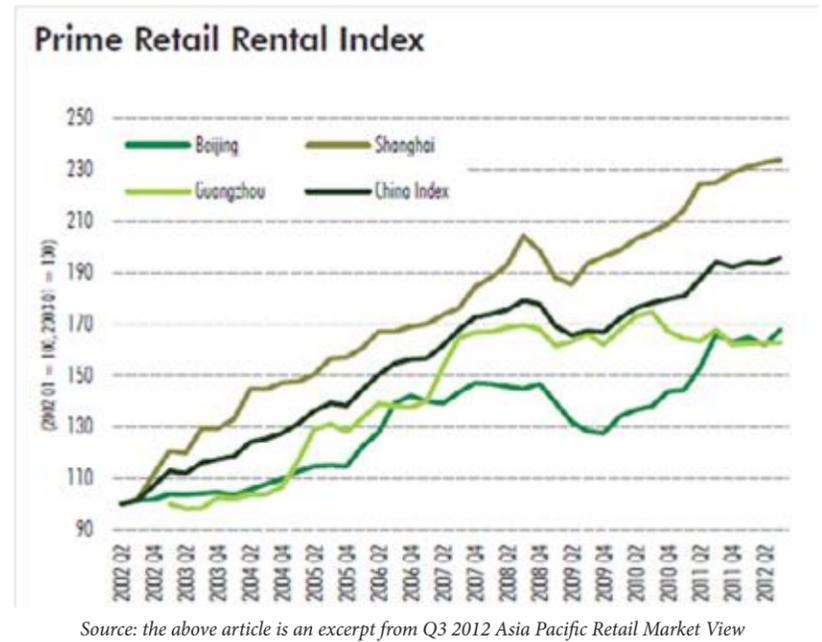
### Trends by Sector

Luxury brands had been considering expansion to new tier III locations but the slowdown has forced them to focus on existing markets. Fast fashion retailers continue to expand but at a slower pace than earlier in 2012. Nevertheless there is still plenty of room for growth in this segment from existing players and new entrants. Bridge brands and fashion retailers in the creative luxury sector are also expanding. In the F&B segment several strong regional players which have established themselves in tier I locations are now exploring entry in tier II cities. Children's wear is seeing a lot of interest from international groups which are attracted by the fact that consumers in this segment are less price sensitive compared to other sectors. Other active sectors include cosmetics, although it remains complicated to register individual products for sale on the mainland which makes setting up a standalone store difficult.

### Other Retail Trends

Groups from the United States and Europe remain very cautious in their home markets and are looking to Asia – and especially China – to deliver growth. However, many retailers – particularly in the fast fashion sector – have overbought stock in anticipation of strong growth and are now stuck with a huge amount of surplus inventory. Some groups are looking to redistribute this stock by selling it online. A number of retailers are increasing the amount of capital they spend on their shop fit-out and are pushing for longer lease terms to get the most out of their investment. Several groups have succeeded in securing four-year leases instead of the usual three. Retailers in the luxury goods and mid-range fashion sectors continue to move away from the franchising model as the market become more transparent and developed. **B**

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### Antonio Teijeiro is appointed as Resident Manager, Renaissance Tianjin Lakeview Hotel

Mr. Teijeiro has recently been transferred to the Renaissance Tianjin Lakeview Hotel as its Resident Manager. As a customer-focused, result-driven and well-organised manager, Mr. Teijeiro previously served with Marriott International for more than 7 years. Having 11 years of sales experience in hotel management throughout Europe, Asia (China) and Middle East (Dubai), Mr. Teijeiro is a confident, experienced professional. The Renaissance Tianjin Lakeview Hotel is honoured to have Antonio Teijeiro on board.



### CBRE Appoints Henry Sim as Executive Director, Industrial & Logistics Services, China

CBRE, the leading global commercial real estate services company, announced the appointment of Henry Sim as Executive Director, Industrial & Logistics Services, for China. Based in Beijing, Henry will be responsible for the formulation of the overall strategic direction of the business activities undertaken by CBRE within the industrial and logistics sectors throughout China as well as the oversight of the services provided to customers within these market sectors.



### Chen Juming appointed President of Airbus China

Airbus China's former SVP, Mr. Chen Juming, was recently appointed as President of Airbus China. Airbus China former President, Bo Long, has also been appointed as Chairman & CEO of EADS, which is the parent company of Airbus. Mr. Chen Juming takes full charge of the businesses, including business development, commercial activities, customer service and industrial cooperation. The appointment of Mr. Chen Juming is a milestone of Airbus's localization plans. Mr. Chen is one of the earliest employees to join Airbus China and he has witnessed the successful development that Airbus has made in China; especially the rapidly increasing Airbus aircraft fleet.

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# Marketing Channel Strategy

By Heidi Skovhus



‘Marketing channel’ refers to the ways in which products move from the manufacturer to the distributor to the end user; also called ‘distribution channels’. The number and efficiency of a company’s marketing channel can have a strong impact on the company’s success. If a company does not have enough channels through which they market their goods, or if the channels are inefficient, it can hurt the profits. Some companies do not use marketing channels, and they are called direct marketing companies. These companies sell the product directly from the manufacturer to the end user. This of course reduces costs for marketing and distribution, but it can be difficult for a manufacturer to locate its customers when using this approach. However, the internet has reduced this problem somewhat and has given rise to more direct selling.

The most common way to conduct business is still to send the products to a distributor or a retail outlet first and then to the end users from there. The distributor or retail outlet can be referred to as marketing channels. Usually the more

steps in the marketing channels, the higher the end costs are to the consumer. This phenomenon occurs because each of the people involved in the channel, or each of the “middle men”, must be paid a premium or a fee.

### The marketing channel strategy

The strategy must include a full overview of all marketing channels and a description of each channel’s role. Many companies use different kind of marketing channel mappings, to increase the overview. The overview must give answers to questions like ‘What services are offered by which channels?’, ‘How does each competitive situation look for each channel – are there opportunities in other places within the market and why/why not?’, ‘Do we have the right mix of channels?’

The strategic overview must also consider the financial aspects, answering questions like ‘What percentages of sales are in each channel?’, ‘What are the margins in each channel for the company?’, ‘What are the margins in each channel for the agent?’

Furthermore, the strategic plan must consist of a macro environmental part, in which external macro variables are evaluated, such as political/legal, economic, socio-cultural and technological variables that might be affecting the different channels going forward. Finally, the plan should contain a solid judgment of future channel trends in order to stay on top of the competition.

### Marketing channel conflicts

One of the more common issues companies are facing when orchestrating the channel mix is how to handle channel conflicts. Since most manufacturers sell through several channels simultaneously, channels sometimes find themselves competing to reach the same set of customers. When this happens, channel conflict is virtually guaranteed. Such conflict almost invariably finds its way back to the manufacturer. This can also be termed as a situation whereby a producer or supplier bypasses the normal channel of distribution and sells directly to the end user. Selling

over the internet, while maintaining a physical distribution network, is an example of channel conflict.

While excessive channel conflict can cause destructive behaviour, the solution is not in simply eliminating all channel conflict, but includes:

- optimising market coverage and
- managing conflict constructively

It is necessary to determine whether the decline in channel performance is:

- a result of conflict with other channels
- destructive to overall profitability

In these circumstances, strategies to manage channel conflict include:

- 1) Designing the channel structure to reflect the products/services being sold, customers’ needs, locations, customers’ buying behaviour and the profitability of each transaction;
- 2) Establishing mutually agreeable and aligned business goals with the channel partners;
- 3) Effective communications - take

every opportunity to communicate with channel partners, e.g. include channel partners in business planning events;

- 4) Segment customers and align channels according to their ability to meet specific customer segment needs;
- 5) Encourage specialisation among channel partners, and create customer segment specific campaigns and align these with specific channels;
- 6) Clearly define channel roles and responsibilities, and use pricing solutions, rebates and incentives to encourage a desired performance;
- 7) Develop specific channel products or offers which are not available to all channels;
- 8) Check behavioural performance through role audits and regularly monitor channels for early warning signs of damaging behaviour;
- 9) Ensure that partner agreements are clear and exercise your rights when necessary.



When reading about marketing channel strategy today the rise of social networks and sophisticated digital marketing platforms is a hot topic and has somewhat rewritten the channel marketing strategy rules. The opportunities and number of marketing channels are many and are increasing. However, it is important to prioritise them, and not wanting to do it all, and then ending up not really doing any one of them.

Many of the new digital platforms are more cost-effective than the physical platforms. However, companies must be aware that costs for measuring results and analysing data will increase, since this is possible at a very targeted and detailed level when using digital platforms, and hence results can make the company more competitive. So these are some of the 'new' things to consider.

## Marketing channel strategy in China

While your company may be excited by the opportunity to establish

### Many of the new digital platforms are more cost-effective than the physical platforms.

distribution channels in the Chinese market, it may also be daunted by determining how to actually achieve this goal.

Here are a few guiding steps needed to effectively develop and manage distribution for your products in China given by consultants (e.g. US-Pacific Rim International, Inc.), who have been working with a variety of international enterprises in China on this topic.

**Determine Demand.** Conducting initial market research to understand the demand for your product in the market is essential for evaluating if it is feasible for the company to enter China. While the appeal of

the Chinese market may be strong, assessing the needs of the market, understanding competing brands' strategies, and possessing a unique product are important considerations for initial market research.

**Learn Legal and Regulatory Requirements.** Since some industries are not fully open to foreign companies in China; during initial research, you should also determine if foreign companies are permitted to operate in your industry. In addition, your company should next learn what, if any, certifications are required before your products can be sold in China. These applications should be started immediately since they can often be time consuming procedures.

**Identify End-Users.** One thing to keep in mind is that many of China's largest industrial companies are State-Owned Enterprises (SOEs) and thus under the control of the Chinese government. If your company's potential end-users are SOEs you should keep in mind that they often operate according to the characteristics of a government agency rather than those of a private company.

**Identify Key Players and Distributors.** Once you have identified the market for your product in China you will need to identify who the key players and potential distributors are in your industry.

**Develop Marketing Materials and Strategy.** At the same time that you begin to identify key players and distributors in your field, you will need to develop marketing materials and a strategy of how to engage with the industry players you have identified. When developing marketing materials such as brochures and websites, make sure that you have them written in simplified Chinese characters. Another thing to take into consideration is that Chinese company brochures and websites often have a different format than those in the West. During this time,



your company should also develop a pricing structure, sales terms and an agency contract. Having these ready to present to potential distributors when you meet with them will accelerate the sales process.

**Establish a Local Sales Team.** In order to achieve sales it will be important to have a local sales team which can guide you through China's unique business culture in the negotiation process. A local sales team can provide your company with the local know-how needed to complete business deals.

**Meet with and Qualify Distributors.** Once you have identified key distributors in your industry, developed a marketing strategy and built a sales team, it will be necessary to visit potential distributors in person. By meeting them you will

have the opportunity to both market your company and confirm that the distributor is qualified. By visiting you will also be given the opportunity to see their operations first-hand, learn their business model, and understand their strengths and weaknesses. Based on this information, your company can make necessary adjustments in its business plan so that it matches with the needs of the potential customer. At this time, it would also be helpful to check with local government agencies to verify the quality and reliability of the company.

**Achieve Sales.** Now that your company has identified qualified distributors, you can enter the next stage of the sales negotiation process. You should be willing to devote time to develop a close relationship with your potential customer during this time in both formal business settings

and more informal occasions. In general, this time commitment means that business deals can take three to five times longer to complete in China than they do in the West.

**Manage the Relationship.** Even after you have completed sales with a distributor in China it will be necessary to manage the distributor to ensure long-term sales. Having a local presence is also essential for this process. You will need staff on the ground that will be able to communicate regularly with the distributor, provide technical and marketing support, and continue to develop both a formal and informal business relationship between your two companies. **B**

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# Do You Play to Your Strengths as a Leader?



Dr. David Zovak is a certified coach and specializes in strength-based leadership and education. He has been working as a leadership coach and consultant for the last 11 years in Melbourne, Australia, and recently relocated to Tianjin and work for LDi Training.



Imagine Yao Ming sitting behind a desk working as a mid-level manager. Not only would his 7'6" frame seem ridiculously oversized for a standard office cubicle, but our knowledge of his world-class basketball skills would have us scratching our heads at the vocational misplacement of this giant man. Yet, in less obvious ways, this mistake is repeated again and again in workplaces across the globe.

In the case of Yao Ming, his natural gifts of size, strength and agility were recognised by people who helped him develop his raw talents into amazing strengths on the basketball court. Not only did Yao Ming benefit from his talents being developed and utilised, but every teammate, coach and fan shared in the successes that came from his strengths being productively expressed. Yet, most employees and organisations fail to

operate from the same paradigm. According to research conducted by the Gallup organisation, only 20% of employees working in large organisations felt that their strengths were in play every day.

Contrast that statistic with the benefits that come from employees who capitalise on their strengths. Work teams that intentionally engage with employee strengths are 8.9% more profitable, 12.5% more

productive and report 6 times the level of engagement than typical employees. In the face of such compelling research, it's obvious that utilising people's individual strengths matters in the workplace.

### What about you?

So, what about you? Do you know what your unique strengths are? If not, what do you need to do to better identify them? If you do, how well can you communicate them to those around you? How much of your current role affords you the opportunity to leverage your strengths into high performance? Before you can hope to harness the strengths of your employees, you need to first understand your own unique strengths and how to consistently bring them into your daily activities.

Strengths are defined as 'those things which you consistently do with excellence and satisfaction.' Notice the key words in this definition:

**Consistently** means that something is only a true strength if it is repeatedly and reliably present in one's performance. An occasional great shot in golf doesn't make one a pro golfer and an occasional great performance doesn't guarantee one has fully activated a strength. However, every great performance suggests that a potential strength may be involved and only awaits further development. Strengths are proven by their consistent track record.

**Excellence** is the external validation that one's performance was of high quality. Just because someone enjoyed themselves and was happy with their performance doesn't mean that others felt the same way. Simply watch any of the competitive singing/dancing TV shows for evidence that people's self-assessments are often quite

different from others' perceptions. True strengths will be confirmed by others through the affirmation of the high quality performance.

**Satisfaction** is a subjective concept, but it is a necessary ingredient for defining a true strength. If one is not inwardly energised and satisfied by the activity, it is not a true strength. Consistent, high quality performance is always a good thing, but it is not a strength unless the performer experiences an internal and intrinsic sense of satisfaction. True strengths causes one to 'feel strong' and 'in the zone' as well as energised being by the activity.

### Identifying Your Strengths

If you've read this far, you're probably convinced that paying attention to your strengths is worthwhile. So, how do you identify your strengths? Keeping in mind the definition above, here are some tips:

**1. Pay attention to your inner drives.** You will naturally gravitate towards roles and activities that play to your strengths. What sort of activities do you long to do more of? If money or time constraints weren't an issue, how would you most like to make your contribution to the world? Your heart will move you in the direction of your strengths. Pay attention!

**2. Notice accelerated learning.** What subjects in school came easily to you? What parts of your working life have you been able to pick up quickly and perform at a high level? When have you 'shot ahead of your peers' in learning a new skill or role? The activities and areas of work which you have been able to learn quickly are good indicators that you are tapping into areas of strengths.





**3. Notice when you experience flow.** When we are engaged in strength-based activities, we often experience a feeling of energised focus, full-engagement and enjoyment in the process of the activity. Whenever we feel ‘in the zone’ during an activity, there is a good chance that we are tapping into our strengths.

**4. Glimmers of excellence.** As stated before, the occasional great performance doesn't guarantee that a strength is in full effect; however, it could indicate the potential of a strength. Since strengths are natural talents that have been developed through practice and experience, signs of emerging excellent performance will be present even in the early stages of strength development.

In addition to these hints for identifying your strengths, different assessment tools are available in the marketplace to give you a head start in identifying your strengths. My favourite strengths-

assessment tool is the Clifton Strengths Finder offered by Gallup. Through it (and others like it), you will be given feedback about your areas of natural talent and a language to communicate about your strengths.

#### Next Steps

Identifying what your strengths are is just the beginning of the strengths journey. Once you have identified your natural talents, here are a few tips to begin developing them into reliable strengths.

**1. Intentionally use your strengths in your current environments.** You were already using them to some degree, but with greater awareness comes greater potential for focus, and greater potency. Intentionally using your strengths is one of the best ways to keep growing in effectiveness.

**2. Seek to enhance your strengths with additional training and experience.** Your areas of natural talent are your areas of richest

potential. Focus your professional development on turning your strengths into world-class strengths and you will benefit accordingly.

**3. Stay in your strengths zones.** With success will come invitations and opportunities to perform outside of your strengths. Be willing to experiment and continually refine your understanding of your strengths, but don't allow yourself to drift too far away from your strengths. Does anyone remember Michael Jordan's foray into professional baseball? He was still a great athlete but he wasn't operating in his area of strengths!

Once you've experienced the power of working out of your strengths, you'll be ready to help your co-workers and employees do the same. And then, you'll really see the power of strengths in the workplace! 

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## Within two years 71% of the Belgian SME's have become profitable in China.

Belgian SMEs in China are doing very well indeed.



No less than 45.8% of the Belgian companies are profitable within the first year of doing business in China and 25.4% are profitable within 1 to 2 years. In addition, 4 out of 5 companies foresee a positive growth in their China activities. Those companies already established in China see the future as being even brighter: 93% of them predict a growth in their activities.

These are some of the outcomes from a BenCham, Unizo International and FIT survey carried out among 111 Belgian companies doing business with and in China:

- The most important reasons for companies to do business in China are: large market potential (60%), the role of China in the world economy (50%) and the low wages (34%).
- This confirms that China is still the ‘promised land’ for many Belgian companies. However, good preparation is a cliché but still remains the key to success, according to successful China based entrepreneurs. Overall, respondents concluded that the Chinese market is a very attractive despite not being an easy one to do business in.
- 18% of the companies stated that their expectations were not met. The most important trade barriers are: bureaucracy and complicated regulations (47%), customs procedures and high import tariffs (30.5%), problems with IPR (23.7%). A majority of the companies mentioned that in order to avoid the latter, they take measures accordingly. One of the most important countermeasures is not launching their most innovative products on the Chinese market.

New markets are a remedy for the crisis

This survey based on the prognosis of experienced China based exporters proves that Belgian SME's need to expand to places with significant economic growth. “Yes, China is suffering from the global economic crisis, but with expected GDP growth figures of 8 - 9 % and a fast growing rich middle class, it is obvious that companies with export experience should not turn a blind eye to China”, says Karel van Eeltvelt ( CEO of Unizo).

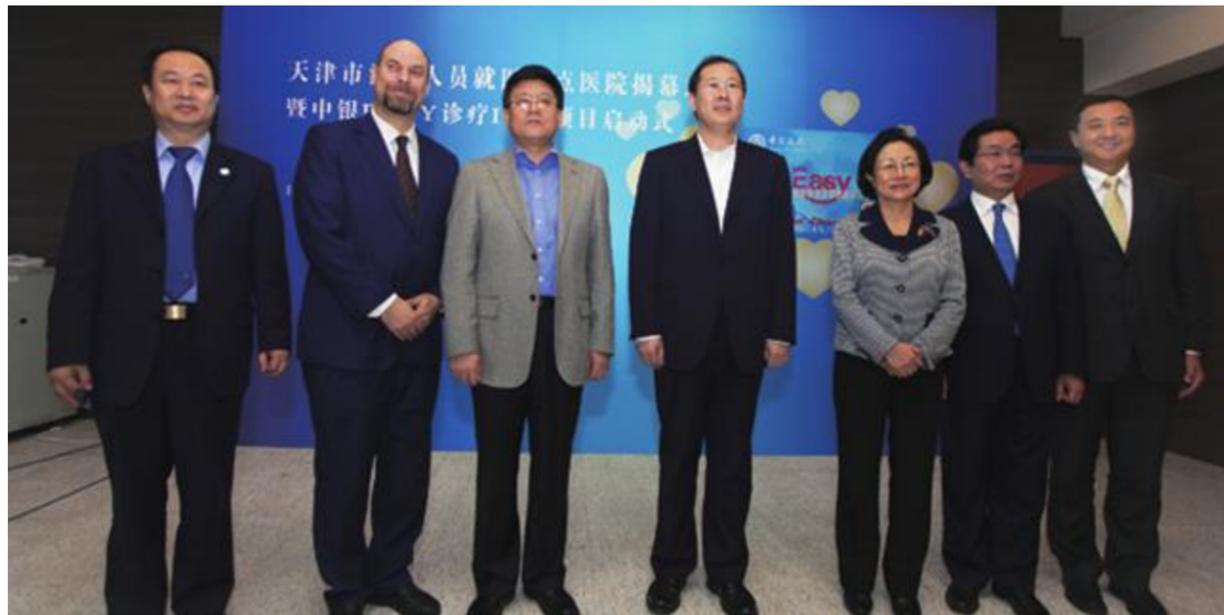
Belgians are a good match with the Chinese.

One of the biggest hurdles when doing business in China is the cultural differences. However, Belgian people can turn that into an advantage. According to Jan Van der Borght, managing director of the Eurbridge Business Centre in Beijing: “Doing business in China implies a lot of negotiation and finding compromises and this is something that Belgian people are very good at.”

For more information on the survey, please contact BenCham.



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## Tianjin Designates Three New Hospitals for Foreigners

On January 10th, Tianjin's first three hospitals for treating foreigners were officially opened. Vice Mayor Ren Xuefeng and vice chairman of the CPPCC Tian Huiguang, the person in charge of relevant departments, visited the international medical center at Tianjin Medical University's General Hospital.

Opening the hospitals for foreigners is an important step in opening up Tianjin to the outside world and further optimising the investment environment for Tianjin's health care industry. Based on a wide range of research, Tianjin Medical University General Hospital, Tianjin First Center Hospital and United Family Healthcare were designated to be the first three hospitals for treating foreigners.

At present, these three hospitals have been opened fast track to provide quality services to foreigners and to meet the different level of medical service expected by foreigners in Tianjin. According to the condition, the city will also increase the number of medical hospitals providing a safe and convenient medical service to foreigners, Tianjin officials also aim to constantly optimise the health care industry investment environment, in order to promote the Tianjin and increase its competitiveness.



## GEMS World Academy

On 16 January, after several setbacks and delays, Gems World Academy in the Sino-Singaporean Tianjin Eco City in the Binhai New Area opened its doors for enrollment. Business Tianjin Magazine was in attendance for the ceremony as the top executives of GEMS World Academy and the Tianjin Eco City Group, as well as local Tianjin government officials came together to celebrate the grand opening. In March, GEMS Academy will begin its inaugural kindergarten class and in September, GEMS will start its primary school curriculum.

GEMS has a global network of top schools which provide a comprehensive and high quality education to over 130,000 students in over 151 countries. It employs over 10,000 educational professionals worldwide and is the largest private Pre-K to grade 12 education provider in the world.

The facilities at GEMS Tianjin Eco City (GEMS TEC) are world class; including a planetarium, media center, 300 seat theatre, 200 metre athletic track, multi-purpose gymnasium, swimming pool, auditorium, health and fitness center, basketball and volleyball courts, and an Astroturf playing field. The 'Little GEMS' curriculum in Tianjin will be comprised of a unique blend of a Chinese curriculum and English Early Years Foundation Stage (EYFS) curriculum. The primary language of instruction is English, but there will be a strong focus on multilingual learning including strong Chinese and English language study programs. For more information about the school, please visit their website at [www.gemsworldacademy-tec.com](http://www.gemsworldacademy-tec.com)



## Web International English Celebrated the Holidays at Drei Kronen 1308 Brauhaus



Food and drinks were abundant in Drei Kronen 1308 Brauhaus as Web International English celebrated Christmas on the bar and restaurant's first floor. Known for its excellent beer and great food, Drei Kronen 1308 was the perfect place for students and teachers of Web to experience the warmth of the Christmas season. Christmas music, food, games and gift-giving were part of the Christmas program that Web prepared for students who attended the activity.

Established in 1998, Web International English Training Centre is one of China's most recognised and respected brands that has over 100 training schools throughout China and now stands at the forefront of the language training industry. In Tianjin, Web has three branches: Ping'an Branch, Tanggu Branch, and the newly-opened branch at Joy City.

David Arnavat, one of Web's ESL teachers in Tianjin, shared that in Tianjin alone, Web has more than 2,000 students and the numbers continue to grow as the company expands to accommodate the demand of Chinese people who want to study English. "At Web we make a difference by empowering students to achieve communicative excellence in English This will help them become more valuable and effective in our modern global society," he adds.

As teachers and students gleefully interact during the Christmas program, there's no doubt that Web aims not only to teach the English language, but also to expose their students to the great cultural exchange that's available because of students-foreign teachers interaction.



## 007: Skyfall Unveiled in Tianjin

Heineken has spent 15 years with *007*, having hosted James Bond fashion themed parties in 77 bars in Tianjin, such as the Muse bar, and the Tanggu Barbie. On 18 January 2013, to celebrate the Premiere of *007: Skyfall* and catch another glimpse of the life of a secret agent, Heineken launched a *007* themed quiz. The winners received Heineken company sponsored IMAX *007* movie tickets and Heineken high-end gifts! In addition, the lucky draw activity is still in full swing.

Since its inception, Heineken has never stopped improving its brewing technology, quality control, and packaging. Heineken is brewed using the best ingredients, and they make every effort to provide customers with the highest quality of beer. For many years, Heineken has sold like hot cakes, in over 170 countries around the world, and is popular with customers from many different countries. In many sports events, including the European Champions League, and the ATP Tennis Masters, Heineken has occupied centre-stage as a sponsor and supporter. So far, Heineken has been a sponsor of James Bond movies for 15 years, and will also provide sponsorship for *007: Skyfall*. Now Heineken's brand image of unceasing passion and vitality has already entered into everyone's heart. Open Your World!

For more information of Heineken please visit [www.heineken.com/cn](http://www.heineken.com/cn).



## Celebrating the Best of Tianjin

星光耀津 · 颁奖晚会

Date: 23rd February, 7PM

Organizer:



Media Sponsors:



Include your event  
email to editor@businesstianjin.com

**02**  
SAT  
星期六

**Russian National Model Birch Art Group's China Tour**  
俄罗斯国立模范小白桦艺术团访华演出  
Tianjin Grand Theatre  
天津大剧院  
19:30  
¥ 580 / 480 / 380 / 280 / 180 / 120 / 80  
+86 22 8388 2299  
Feb 2-3



**04**  
MON  
星期一

**Lorin Maazel and Chicago Symphony Orchestra Concert**  
洛林·马泽尔与芝加哥交响乐团音乐会  
Tianjin Musical Hall  
天津音乐厅  
¥ 2880 / 2080 / 1680 / 1280 / 880 / 580 / 280 / 80  
+86 22 8388 2299



**08**  
FRI  
星期五

**Wanlong Ski Chinese New Year Trip**  
万龙滑雪新年行  
Wanlong Ski Resort  
万龙滑雪场  
info@chinabustravel.com  
Feb 8-12



**14**  
THU  
星期四

**Valentine's gift, Sheng zhongguo and lai tian yu zi's Violin and Piano Musical Concert**  
情人节献礼  
—盛中国瀨田裕子小提琴钢琴名曲音乐会  
Tianjin Concert Hall  
天津音乐厅  
19:30  
¥ 380 / 280 / 180 / 120 / 80  
+86 22 8388 2299

**16**  
SAT  
星期六

**Pei Yanling's 60th Anniversary of Her Stage Career**  
甲子四折·裴艳玲  
Opera House, Tianjin Grand Center  
天津大剧院歌剧厅  
19:30  
¥ 380 / 280 / 180 / 120 / 80 / 50  
+86 22 8388 2000  
Feb 16-17



**18**  
MON  
星期一

**Tianjin Fishing Tackle Exhibition**  
天津春季渔具展览会  
Tianjin International Exhibition Center  
天津国展中心二号馆A、B、C厅  
+86 22 2801 2962  
Feb 18-23



**21**  
THU  
星期四

**TICC Monthly lunch TICC**  
月例午餐  
Hanks Bar & Grill  
汉克斯运动酒吧  
12:00  
¥ 120-150  
+86 22 2341 7997



### Special Days

3 Feb Lunar Year  
4 Feb Beginning of Spring  
9 Feb New Year's Eve  
10 Feb the Spring Festival  
14 Feb Valentine's Day  
24 Feb the Lantern Festival

**22**  
FRI  
星期五

**Wanlong Weekend Ski Tour**  
万龙周末滑雪行  
Wanlong Ski Resort  
万龙滑雪场  
info@chinabustravel.com  
Feb 22-24



**26**  
TUE  
星期二

**2013 China international Optics Fair**  
2013第十三届中国(上海)国际眼镜业展览会  
Shanghai World Exposition exhibition  
上海世博展览馆  
+86 21 6299 0137 ext. 811  
Feb 26-28



**26**  
TUE  
星期二

**14th China International Agrochemical & Crop Protection Exhibition**  
第十四届中国国际农用化学品及植保展览会  
Shanghai New International Exhibition Center  
上海新国际博览中心  
+86 21 6299 0137 ext. 811  
Feb 26-28



**26**  
THU  
星期二

**2013 Beijing Food and Beverage Fair**  
2013北京食品饮料展会  
Beijing International Conference Centre  
北京国际会议中心  
135 3525 3733  
Feb 26-28



**26**  
THU  
星期二

**CIPT2013 China International Fine Wine Exhibition**  
CIPT2013第三届中国国际名酒展览会  
Beijing International Conference Centre  
北京国际会议中心  
132 4137 7774  
Feb 26-28

**26**  
THU  
星期二

**2013 the 3rd China (Beijing) International Leisure Food and Imported Food Expo**  
2013第三届中国(北京)国际休闲食品暨进口食品展览会  
Beijing International Conference Centre  
北京国际会议中心  
150 1071 1045  
Feb 26-28

**MAR 9**  
SAT  
星期六

**TICC Beijing Bus Trip - Ya Show Indoor Market**  
TICC 北京行  
Sanlitun, Beijing 北京三里屯  
07:30-16:30  
¥ 50-100  
ticc\_09@hotmail.com



# Purchasing Products II

购买商品  
gòu mǎi shāng pǐn

VOLUME 57



B: But what happens if something goes wrong when we're using it?  
不过如果这种设备在我们使用的时候发生故障(1),该怎么办呢?  
bú guò rú guǒ zhè zhǒng shè bèi zài wǒ men shǐ yòng de shí hòu fā shēng gù zhàng, gāi zěn me bàn ne ?

A: If that was to happen, just contact our nearest agent and they'll send someone round immediately.  
一旦发生那样的情况,同我们最近的办事处联系(2),  
yí dàn fā shēng nà yàng de qíng kuàng, tóng wǒ men zuì jìn de bàn shì chù lián xì ,  
他们会马上派人过去的。  
tā men huì mǎ shàng pài rén guò qù de 。

B: I see. Will you give us an indication of the price?  
我明白了。你可以给我报一个指示(3)性的价格吗?  
wǒ míng bái le. nǐ kě yǐ gěi wǒ bào yī gè zhǐ shì xìng de jià gé ma ?

A: Unit price is RMB 5,000.  
单价 5000 元  
dān jià 5000 yuán

B: Do you offer discounts for plentiful purchases?  
大量(4)购买,你们提供折扣(5)吗?  
dà liàng gòu mǎi, nǐ men tí gòng zhé kòu ma ?

A: Yes. We do indeed. Our usual figure is around 5%, but that depends on the size of the order.  
是的,我们确实这样做。通常的数目是5%左右,  
shì de, wǒ men què shí zhè yàng zuò。tōng cháng de shù mù shì 5% zuǒ yòu ,  
但那还要根据(6)订货(7)的多少来定。  
dàn nà hái yào gēn jù dìng huò de duō shǎo lái dìng

B: Oh, I think Your prices is much too high for us to accept. Can you lower the price down for me?  
我认为你的价格太高,我们不能接受。你们可以降低价格吗?  
wǒ rèn wéi nǐ de jià gé tài gāo, wǒ men bú néng jiē shòu. nǐ men kě yǐ jiàng dī jià gé ma ?

A: Sorry, it would be very difficult to lower the price. I can assure you our price is very favourable  
对不起,我们很难再降价了。我可以保证我们的价格是优惠(8)的。  
duì bú qǐ, wǒ men hěn nán zài jiàng jià le。wǒ kě yǐ bǎo zhèng wǒ men de jià gé shì yōu huì de 。

B: I can't accept the price. It is a little high. We will be buying a lot.  
我不能同意你们的价格,有点高。我们要买很多。  
wǒ bú néng tóng yì nǐ men de jià gé, yǒu diǎn gāo。wǒ men yào mǎi hěn duō 。

A: Well, the discount could be 7%. This is the lowest possible price.  
折扣百分之七,这是最低价(9)了。  
zhé kòu bǎi fēn zhī qī, zhè shì zuì dī jià le 。

B: We will consider it. Now about the payment? Could you accept D / P or D / A?  
可以考虑,您可以接受付款交单(10)或承兑交单(11)吗?  
kě yǐ kǎo lǜ, nín kě yǐ jiē shòu fù kuǎn jiāo dān huò chéng duì jiāo dān ma ?

A: I'm afraid not, usually we only accept payment by irrevocable letter of credit, payable against the shipping documents .  
恐怕不行,通常我们只接受不可撤销的(12)信用证,凭装运单据(13)付款。  
kǒng pà bú háng, tōng cháng wǒ men zhǐ jiē shòu bú kě chè xiāo de xìn yòng zhèng , píng zhuāng yùn dān jù fù kuǎn 。

B :You know for this a large amount, an L / C is cost lost also ties up our money. If you could accept D / P or D / A, I would really appreciate it .

您知道这么大的金额的信用证(14),费用很大,同时积压(15)我们的资金。  
nín zhī dào zhè me dà de jīn é de xìn yòng zhèng , fèi yòng hěn dà, tóng shí jī yā wǒ men de zī jīn 。

如果您能接受付款交单或承兑交单的话,我们会很感激的。  
rú guǒ nín néng jiē shòu fù kuǎn jiāo dān huò chéng duì jiāo dān de huà, wǒ men huì hěn gǎn jī de 。

A: I am very sorry, but we require L / C from all of our clients .  
对此我非常抱歉,我们对所有客户都是用信用证来付款。  
duì cǐ wǒ fēi cháng bào qiàn, wǒ men duì suǒ yǒu kè hù dōu shì yòng xìn yòng zhèng lái fù kuǎn 。

B: Well , Mr. Lee, opening an L / C doesn't make any difference to you, but means a lot to us .  
噢,李先生,开信用证对您来说没有影响,但对我们意义很大。  
ō, lǐ xiān shēng, kāi xìn yòng zhèng duì nín lái shuō méi yǒu yǐng xiǎng, dàn duì wǒ men yǐng xiǎng hěn dà 。

A: Actually it does, it gives us the protection from the bank.  
事实上对我们也有影响的,它能给我们银行的保护(16)。  
shì shí shàng duì wǒ men yě yǒu yǐng xiǎng de, tā néng gěi wǒ men yín háng de bǎo hù 。

B: If you can deliver the goods this month, I'll agree to the payment by L / C .  
如果您在这个月前发货的话,我将同意开立信用证。  
rú guǒ nín zài zhè gè yuè qián fā huò de huà, wǒ jiāng tóng yì kāi lì xìn yòng zhèng 。

## Vocabulary

(1) 故障	breakdown	gù zhàng	(9) 低价	low price	dī jià
(2) 联系	contact	lián xì	(10) 付款交单	D/P	fù kuǎn jiāo dān
(3) 指示	indication	zhǐ shì	(11) 承兑交单	D/A	chéng duì jiāo dān
(4) 大量	plentiful	dà liàng	(12) 不可撤销的	irrevocable	bú kě chè xiāo de
(5) 折扣	discount	zhé kòu	(13) 装运单据	shipping credits	zhuāng yùn dān jù
(6) 根据	according to	gēn jù	(14) 信用证	L/C	xìn yòng zhèng
(7) 订货	order	dìng huò	(15) 积压	tie up	jī yā
(8) 优惠	favorable	yōu huì	(16) 保护	protection	bǎo hù

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

## DINING



## TIANJIN

## Chinese

## China Station

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

## 中国站

河东区新开路66号天津天诚丽笙世嘉酒店2层

## Fortune Restaurant

**A:** 2F, Crowne Plaza Tianjin Binhai  
No. 55, Zhongxin Da Dao  
Airport Industrial Park

**T:** +86 22 5867 8888 ext. 2355

## 富洋中餐厅

空港物流加工区中心大道55号  
天津滨海圣光皇冠假日酒店2层



庆王府  
QING WANG FU

## Qing Wang Fu

**A:** No. 55, Chongqing Road  
Heping District  
**T:** +86 22 8713 5555

+86 22 5835 2555

**E:** info@qingwangfu.com

**W:** qingwangfu.com

## 庆王府

和平区重庆道55号

## Riverside Chinese Restaurant

**A:** 3F, Holiday Inn Tianjin Riverside  
Phoenix Shopping Mall  
East Haihe Road, Hebei District

**T:** +86 22 2627 8888 ext. 2211

## 海河轩中餐厅

河北区海河东路凤凰商贸广场  
天津海河假日酒店3楼

## Shui An

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

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

## 水岸中餐厅

和平区台儿庄路33号天津利顺德大饭店豪华精选酒店1层

## Tao Li Chinese Restaurant

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

## 桃李中餐厅

和平区南京路189号  
天津日航酒店6层

## Yan Ting Chinese Restaurant

**A:** 2F, The St. Regis Tianjin, No. 158  
Zhang Zizhong Lu, Heping District  
**T:** +86 22 5830 9999

## 宴庭中餐厅

和平区张自忠路158号天津瑞吉金融街酒店2楼  
(津塔旁, 哈密道正对面)

## Japanese

## Benkay Japanese Dining

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

和平区南京路189号天津日航酒店5层  
弁慶日本料理餐厅

## Kasumi

**A:** 1F, Crowne Plaza Tianjin Binhai  
No. 55, Zhongxin Da Dao  
Airport Industrial Park

**T:** +86 22 5867 8888 ext. 2322

## 霞日式料理

空港物流加工区中心大道55号  
天津滨海圣光皇冠假日酒店1层

## Kushi Grill

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

## 串烧

河东区新开路66号天津天诚丽笙世嘉酒店2层

## Seitaro

**A:** Sheraton Hotel Tianjin  
Zi Jin Shan Lu, Hexi District  
**T:** +86 22 2731 0909

## 清太郎日本料理

河西区紫金山路喜来登大酒店

## SôU

**A:** 49F, Tangla Hotel Tianjin, No.219  
Nanjing Road, Heping District  
**T:** +86 22 2321 5888 ext.5106

## 思创

南京路219号天津唐拉雅秀酒店49楼

## Thai

## YY Beer House

(Behind International Building)  
**A:** No. 3, Aomen Lu  
Heping District

**T:** +86 22 2339 9634

## 粤园泰餐厅

和平区澳门路3号(国际大厦后侧)

## Western

## Café@66

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

## 咖啡66

河东区新开路66号天津天诚丽笙世嘉酒店1层



## Aulare Latin Restaurant

**A:** Magnetic Plaza, Building A4  
2-16, Binshui Xi Dao  
Nankai District

**T:** +86 187 2229 0691

**E:** tianjin@aulare.com

## 艾伊莎贝西餐厅

南开区滨水西道时代奥城A4座2-16号



## Texas BBQ Saloon

**A:** Units 115 and 128, Central  
Avenue, Building C7, Magnetic  
Plaza, Nankai District

**T:** +86 22 8713 5555

+86 182 0258 9904 (English)

+86 182 0258 9924 (Chinese)

## 德克萨斯风味烧烤西餐厅酒吧

南开区奥城商业广场C7座115-128



## Bistro Thonet

**A:** No.55 Chongqing Road,  
Heping District  
**T:** +86 22 8713 5555

**E:** info@qingwangfu.com

**W:** qingwangfu.com

## 庭悦咖啡

和平区重庆道55号庆王府院内



## Brasserie Flo Tianjin

**A:** No.37, Guangfu Road  
Italian Style Town, Hebei District  
**T:** +86 22 2662 6688

## 福楼

河北区意大利风情区光复道37号

## 1863 the Dining Room

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

**T:** +86 22 2331 1688 ext. 8918

## 1863 至尊西餐厅

和平区台儿庄路33号天津利顺德大饭店豪华精选酒店1层

## Café Majestic

**A:** 1F, The Astor Hotel Tianjin  
No. 33, Tai'er Zhuang Lu  
**T:** +86 22 2331 1688 ext. 8910

## 凯旋咖啡厅

和平区台儿庄路33号天津利顺德大饭店豪华精选酒店1层

## Café Venice

**A:** 2F, Holiday Inn Tianjin Riverside  
Phoenix Shopping Mall  
East Haihe Road, Hebei District

**T:** +86 22 2627 8888 ext. 2271

## 威尼斯咖啡厅

河北区海河东路凤凰商贸广场  
天津海河假日酒店2楼

## Glass House

Hyatt Regency Jing Jin City  
Resort & Spa

**A:** No. 8, Zhujiang Da Dao  
Zhouliang Zhuang, Baodi District  
**T:** +86 22 5921 1234

## 水晶厨房

宝坻区周良庄珠江大道8号  
京津新城凯悦酒店

## Pan Shan Grill &amp; Wine

**A:** 2F, Main Building  
Sheraton Hotel Tianjin  
Zi Jin Shan Lu, Hexi District

**T:** +86 22 2731 3388 ext.1820

## 盘山葡萄酒扒房

紫金山路天津喜来登大酒店主楼2层



## Promenade Restaurant

**A:** 1F, The St. Regis Tianjin  
No. 158, Zhang Zizhong Road  
Heping District

**T:** +86 22 5830 9959

## 河岸国际餐厅

和平区张自忠路158号天津瑞吉金融街酒店一层(津塔旁, 哈密道正对面)

## Spectrum All-Day Dining

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

## 彩西餐厅

南京路189号天津日航酒店7层



## Mighty Deli (South Park Store)

**A:** No. 85-87, Shuishang Gongyuan  
West RD, Nankai, Tianjin(opposite  
to Nancuijing Park) 天津市南开区

水上公园西路85-87号南翠屏公园对面

**T:** +86 22 8783 9683

## (Somerset Store)

**A:** 5F, Somerest Youyi, Pingjiang  
Dao, Hexi District

天津市河西区平江道盛捷服务公寓5层

**T:** +86 22 2810 7747



## Inasia Restaurant

(Olympic Stadium Store)  
**A:** 4F, A-Hotel, Olympics Gym,  
Nankai District, Tianjin 天津市南开区

水滴体育馆A-Hotel四楼

**T:** +86 22 2382 1666/2233

## (Somerset Store)

**A:** 5F, Somerest Youyi, Pingjiang  
Dao, Hexi District 天津市河西区平

江道盛捷服务公寓5层

**T:** +86 22 2810 7992

## DINING



## Riviera Restaurant

**A:** 1F, The St. Regis Tianjin.  
No. 158, Zhang Zizhong Road  
Heping District

**T:** +86 22 5830 9962

## 蔚蓝色法餐厅

和平区张自忠路158号天津瑞吉金融街酒店一层

(津塔旁, 哈密道正对面)

## Wine



## Galaxy Shopping Center

Tianjin Galaxy International  
Shopping Mall B1-037  
天津银河购物中心B1-37

Tel:022-83887133

Hours:10:00-02:00

## Bailou Wine Bar &amp; Cellar

Kaifeng Dao, Heping District,  
Tianjin (Near Hisense Plaza)  
天津市和平区小白楼街开道

酒吧街

Tel:022-23393500

Hours:10:00-02:00

## TEDA Wine Shop

No.8 Eastern Apartment, 2nd  
Avenue, TEDA  
天津市开发区第二大街二号

东方名居底商8号

Tel:022-65399899

Hours:9:00-20:00

## Bin Xi Wine Shop

No.187 Binshui West Rd.,  
Nankai District, Tianjin  
天津市南开区滨水西道187号

Tel:022-23372116

Hours:10:00-22:00

## Rong Ye Wine Shop

No.175 Rongye Avenue,  
Heping District, Tianjin  
天津市和平区荣业大街175乙

Tel:022-27231269

Hours:9:00-20:00

All shops open 7 days

4006-199-159

www.mwines.com.cn

## Bars

## China Bleu

**A:** 50F, Tangla Hotel Tianjin, No. 219  
Nanjing Lu, Heping District  
**T:** +86 22 2321 5888

## 中国蓝酒吧

南京路219号天津唐拉雅秀酒店50层

## O'Hara's

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

**T:** +86 22 2331 1688 ext. 8919

## 海维林

和平区台儿庄路33号天津利顺德大饭店豪华精选酒店1层

## River Lounge

Leave your footprint on the Haihe  
River. The latest address for an  
afternoon rendez vous. Cocktails  
two for one bottles at 25% off.

**A:** The St. Regis Tianjin, No.158,  
Zhang Zi Zhong Lu, Heping District  
**T:** +86 22 5830 9999

**W:** stregis.com/tianjin

## 畔吧

和平区张自忠路158号天津瑞吉金融街酒店(津塔旁, 哈密道正对面)

## THE STREGIS BAR

## 畔吧

## The St. Regis Bar

**A:** 1F, The St. Regis Tianjin. No. 158  
Zhang Zizhong Road, Heping District  
**T:** +86 22 5830 9958

## 瑞吉酒吧

和平区张自忠路158号天津瑞吉金融街酒店一层

(津塔旁, 哈密道正对面)

## Accounting



## Tianjin Office:

**A:** Unit 2901 - 104  
The Exchange Tower 2  
No.189, Nanjing Lu  
Heping District

**T:** +86 22 2318 5056

**F:** +86 22 2318 5001

**E:** tianjin@lehmanbrown.com

天津市和平区南京路189号

津汇广场2座29层2901-104室

## Beijing Office:

**A:** 6/F, Dongwai Diplomatic  
Building  
No. 23, Dongzhimenwai Dajie  
Beijing

**T:** +86 10 8532 1720

**F:** +86 10 85322746

**E:** beijing@lehmanbrown.com

北京朝阳区东直门外大街23号,

东外外交办公大楼602

## Shanghai Office:

**A:** Room 1501 & 1504, WanTai  
International Building,  
No.480, North Urumqi Lu  
Jing An District

**T:** +86 21 6249 0055

**F:** +86 21 6288 1636

**E:** shanghai@lehmanbrown.com

上海市静安区乌鲁木齐北路480

号1501&1504

## Education

## International Schools



## International School of Tianjin

**A:** Weishan Lu, Jinnan District  
**T:** +86 22 2859 2001

国际学校天津分校津南区津南微山路

## SERVICES



**SERVICES**



**Sheraton Tianjin Hotel**  
**A:** Zi Jin Shan Lu, Hexi District  
**T:** +86 22 2731 3388  
 天津喜来登大酒店河西区紫金山路



**ST REGIS**  
 TIANJIN  
 天津瑞吉金融街酒店

**The St. Regis Tianjin**  
**A:** No. 158, Zhangzhong Road Heping District  
**T:** +86 22 5830 9999  
 天津瑞吉金融街酒店  
 和平区张自忠路158号  
 (津塔旁, 哈密道正对面)



**The Astor Hotel Tianjin**  
 A Luxury Collection Hotel  
**A:** No. 33, Tai'er Zhuang Lu, Heping District  
**T:** +86 22 2331 1688  
 天津利顺德大饭店豪华精选酒店  
 和平区台儿庄路33号

**Apartment**  
**Astor Apartment**  
**A:** No. 32, Tai'er Zhuang Lu Heping District  
**T:** +86 22 2303 2888  
 利顺德公寓和平区台儿庄路32号

**Sheraton Apartment**  
**A:** Zi Jin Shan Lu, Hexi District  
**T:** +86 22 2731 3388  
 喜来登公寓河西区紫金山路



**Qing Wang Fu Club Suites & Serviced Residences**  
**A:** No.55 Chongqing Road, Heping District  
**T:** +86 22 8713 5555  
**E:** info@qingwangfu.com  
**W:** qingwangfu.com  
 庆王府公馆和平区重庆道55号



**Somerset International Building Tianjin**  
**A:** No. 75, Nanjing Lu Heping District  
**T:** +86 22 2330 6666  
 天津盛捷国际大厦服务公寓  
 和平区南京路75号

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

**Somerset Youyi Tianjin**  
**A:** No. 35, Youyi Lu, Hexi District  
**T:** +86 22 2810 7888  
 天津盛捷友谊服务公寓  
 河西区友谊路35号



**The Lakeview, Tianjin-Marriott Executive Apartments**  
**A:** No. 16, Binshui Dao, Hexi District  
**T:** +86 22 5822 3322  
 天津万豪行政公寓河西区滨水道16号

**Logistics**

LOGISTICSTIANJIN can provide a full range of LOGISTICS SERVICES:  
 • Import and Export shipments  
 • Pick up/deliver shipments and documents  
 • Inland container transportation  
 • Customs clearance  
 • Inspection and quarantine declaration  
 • Warehousing in bonded zones  
 For further details, send e-mail to service@logisticstianjin.com

**Printing Services**

TIANJINPRINT is a 24-HOURS professional printing service provider. Provides the highest level of service by employing the most advanced equipment, superior customer service, and excellent quality control systems, to ensure that customers receive the highest quality products and services. Print, including design, prepress, finishing, binding and inserting. For projects or inquiries, please send e-mail to info@tianjinprint.com

**Promotional Products**

PROMOTIANJIN is a traditional promotional products agency serving major corporations and non-profit agencies since 1998. Based in Tianjin, it has been actively serving accounts in financial services, health care, media, non-profit, advertising, cultural affairs and home and industrial furnishings fields. Main clients are organisations of all sizes throughout China and abroad. For further details, please send e-mail to E: gm@promotianjin.com

**Real Estate**



**CBRE Tianjin**  
**A:** 42F, Units 12 & 13, Tianjin World Financial Centre Office Tower, No. 2 Dagubei Road, Heping District.  
**T:** +86 22 5832 0188  
**W:** cbre.com.cn  
 世邦魏理仕天津分公司和平区大沽北路2号天津环球金融中心津塔写字楼42层12-13单元

**Rentals**



**CAR/BUS Rental Services in Tianjin and Beijing with reasonable rates.**  
 To make a reservation or enquiry, please send e-mail to E: info@chinabustravel.com  
**T:** +86 135 0207 0987

**Serviced Office**



**The Executive Centre**  
 Asia-Pacific's Premium Serviced Office Provider  
**A:** 41F, Tianjin World Financial Center 2 Dagubei Road, Heping District Tianjin  
**T:** +86 22 2318 5111  
**W:** executivecentre.com  
 天津德事商务中心  
 和平区大沽北路2号天津环球金融中心津塔写字楼41层

**HEALTH**



**Regus Tianjin Center**  
**A:** 8F, Tianjin Centre, No.219 Nanjing Road, Heping District  
**T:** 400 120 1205  
**W:** www.regus.cn  
 雷格斯天津中心和平区南京路219号天津中心8层

**Travel Agencies**



Tianjin's travel agency specialising in tourism for foreigners  
**T:** +86 159 2200 0555  
**E:** info@thestarstravel.com

**Spas**

**Green Bamboo Well Being Resort**  
**A:** 6-17, bldg. 17, Magnetic Capital Binshui Xi Dao, Nankai District  
**T:** +86 22 8378 8397 (English)  
 +86 136 0205 9458 (Attn: Elsa)  
 青竹堂足疗养生馆  
 时代奥城商业广场17座6层17号

**Hospitals**



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



**Tianjin United Family Hospital**  
**A:** No.22, Tianxiao Yuan Tanjiang Dao, Hexi District  
**T:** +86 22 5856 8500 (Reception)  
 24 Hour Emergency:  
**T:** +86 22 5856 8555  
**W:** ufh.com.cn  
 天津和睦家医院  
 河西区潭江道天满园22号

**Gyms**

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

**SERVICES**

**Hotels**

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



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



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



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

**Spas**

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

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

**Hospitals**



**Tianjin TEDA International SOS Clinic**  
**A:** 102-C2 MSD, No.79 1st Avenue, TEDA, Tianjin  
**T:** +86 22 6537 7616  
 国际SOS天津泰达诊所  
 天津经济技术开发区第一大街79号  
 泰达MSD-C区2座102室

**Gyms**

**Champs Elysees**  
**A:** 2F, Renaissance Tianjin TEDA Hotel & Convention Centre  
 No. 29, 2nd Avenue, TEDA  
**T:** +86 22 6621 8888  
 香榭丽舍健身俱乐部  
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**TJ ~ BJS (¥55 - ¥66)**

Train	Tianjin	Beijing
C2002	06:25	06:55
C2094	22:45	23:15

**BJS ~ TJ (¥55 - ¥66)**

Train	Beijing	Tianjin
C2001	06:35	07:05
C2093	23:00	23:30

**TG ~ BJS (¥66 - ¥80)**

Train	Tanggu	Beijing
C2274	12:40	13:10
C2280	20:25	20:55

**BJS ~ TG (¥66 - ¥80)**

Train	Beijing	Tanggu
C2273	10:45	11:15
C2279	18:50	19:20

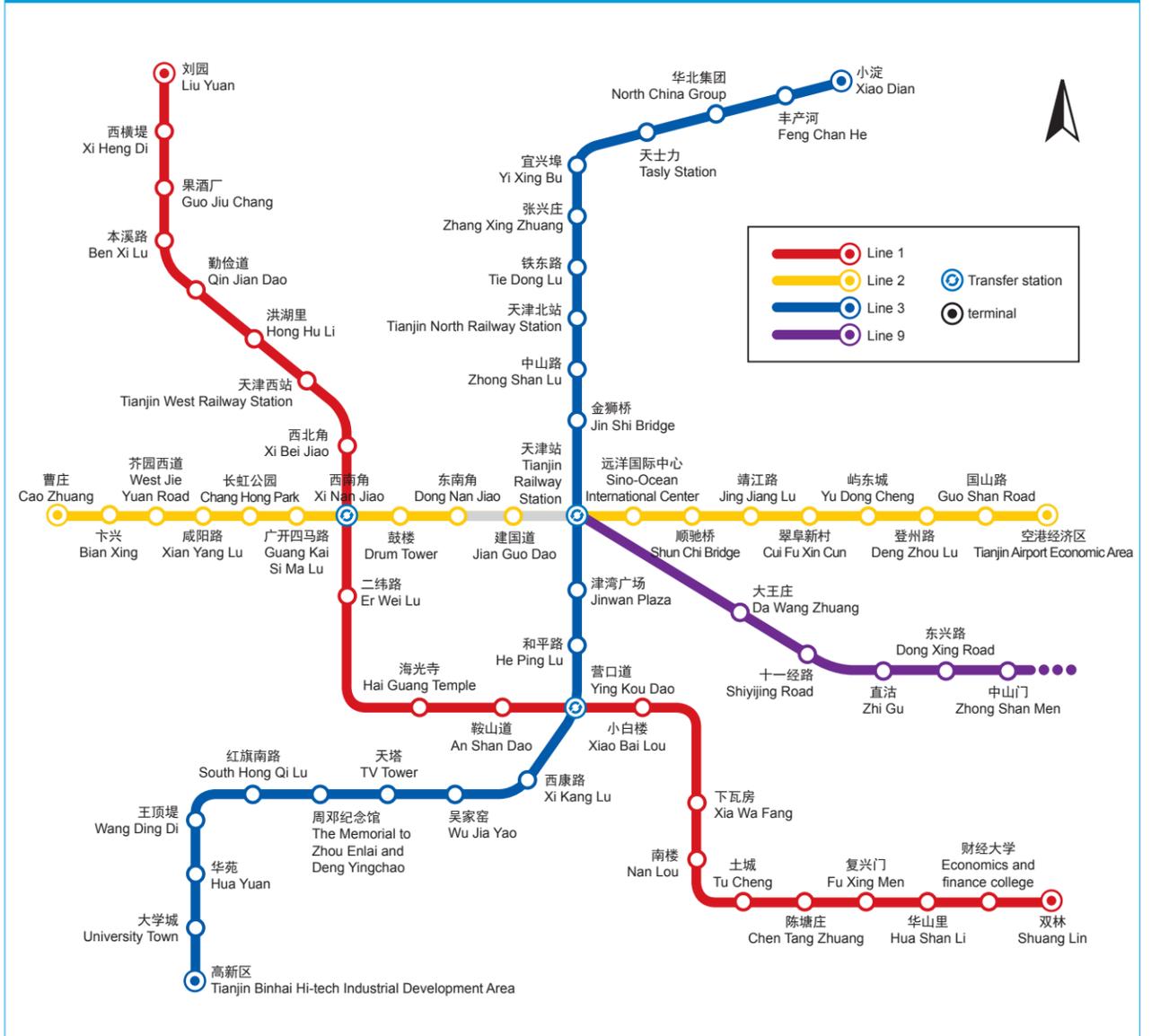
**Wuqing ~ BJS (¥39 - ¥46)**

Train	Wuqing	Beijing
C2202	06:53	07:18
C2232	20:43	21:08

**BJS ~ Wuqing (¥39 - ¥46)**

Train	Beijing	Wuqing
C2201	06:45	07:07
C2231	21:15	21:37

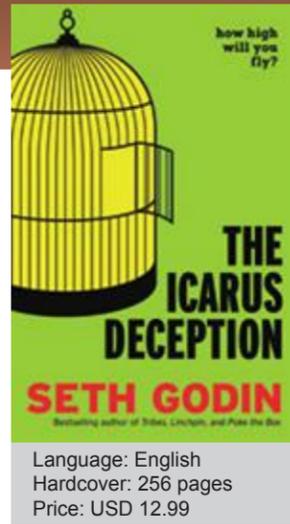
**TIANJIN SUBWAY**



**The Icarus Deception  
- Seth Godin**

By Sarah Connors

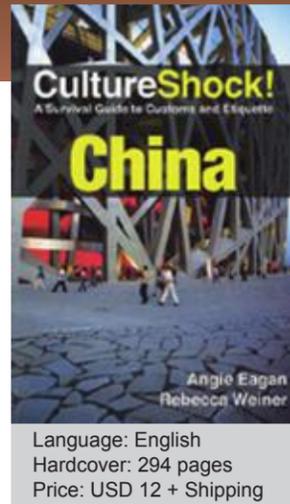
There's an old myth that says Icarus's father made him a set of wings and told him not to fly too close to the sun. Icarus disobeyed his father and as a consequence his wings were scorched and he plunged to his death. What can we learn from this story? Play it safe, listen to authority, and don't challenge the establishment. In Godin's new book he shines a light on this common misconception and explains how the age of the industrial revolution is over. Factories around the world are shutting down and laying off people by the tens of thousands. People are being replaced by technology and computers. Conventional wisdom is also changing and conformity no longer leads to comfort. If you want to succeed in today's changing landscape, the key is to be creative and embrace what Godin calls the 'connection revolution' (social media and the internet). He challenges his readers to create, what he broadly defines as, art. This great book tells us not to listen to the old conventional wisdoms, instead fly high and dream big!



**Culture Shock! China: A Survival Guide to Customs & Etiquette  
- Angie Eagan & Rebecca Weiner**

By Tracy Hall

Away from the corporate environment it is always nice to read an intriguing book about a subject which we can all relate to in our daily lives. This work by respected authors Angie Eagan and Rebecca Weiner deals specifically with the frustrations we all face as expatriates living in China. In the book they discuss practical and realistic ways to deal with the daily challenges of living in China. Key topics include language barriers, social etiquette, dealing with the Chinese financial system, food, drink, health, and much more. It also equips the reader with essential background information on Chinese festivals and cultural norms. The phenomenon of 'culture shock' is dealt with in a very matter of fact way in this book; which makes the proposed solutions easier to digest, than those advocated by the more psychological works on the market.



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

**QUOTATIONS OF THE MONTH**

**The most sensible people to be met with in society are men of business and of the world, who argue from what they see and know, instead of spinning cobweb distinctions of what things ought to be.**

By William Hazlitt

**The best minds are not in government. If any were, business would hire them away.**

By Ronald Reagan

**In the business world, everyone is paid in two coins: cash and experience. Take the experience first; the cash will come later.**

By Harold Geneen

**Business is a combination of war and sport.**

By André Maurois

**A man of business may talk of philosophy; a man who has none may practise it.**

By Alexander Pope

**Public Health and State - Run Tobacco  
- China's Lethal Catch-22**

By Christopher Ribeiro



The first day of January is a day for new beginnings, many westerners ritualistically ring in the New Year by making personal vows for self-improvement. One of the most popular resolutions is to quit smoking. Regardless of success rates (which I reckon isn't very high), the fact that this vow is made so frequently, in itself, shows awareness that smoking is not a healthy lifestyle choice. Many people struggle for years to quit smoking; I tried unsuccessfully for several years before I finally kicked the habit three years ago.

Oddly, of all of the Chinese smokers I've met, I don't recall any of them ever considering to quit; my curiosity was piqued. How did smoking become such a fundamental element of Chinese life and perhaps more importantly, why are the Chinese so unremorseful about this habit while much of the western world is becoming increasingly smoke free? As I dug deeper, the information I came across was staggering – smoking in China isn't just a harmful 老毛病 (bad habit), it's a full-blown public health crisis.

Take a look at some of the more telling figures, which I pulled from [smokingstatistics.org](http://smokingstatistics.org):

1. In China approximately two thirds of men smoke; only 4% of women smoke but that figure is rising, especially amongst young women.

2. China is the world's largest consumer of cigarettes, the number of smokers in China is estimated to be above 300 million, which is approximately the United States' population.
3. Every day, 3,000 smokers or past smokers in China die from tobacco related causes, this number is estimated to increase to 8,000 per day by 2050. That's 1 million smoke related deaths per year, which will increase to about 3 million per year by 2050.
4. The number one cause of mortality in China is lung cancer.
5. China consumes a third of the world's tobacco but has only one fifth of the world's population.
6. There is no age limit on the sale of tobacco products in China.

Let's start by asking, "Why is smoking so prevalent in China?" The answer isn't hard to find; taxes on cigarettes are a multi-billion dollar source of revenue for the Federal government, reportedly generating 7% to 10% of their total tax intake. The revenue earned from state-run tobacco outweighs the additional burden on the healthcare industry by a five to one margin. The Federal government controls the production, marketing and sale of tobacco and clearly has a vested interest in making cigarettes cheap and readily available to the public.

# Last Word

However, if one were to argue that public officials have a responsibility to protect their citizens and avert crises; one might find a conflict of interests here, especially in light of the health epidemic, that's unfolding across the country. In twenty years, one third of all Chinese males will die as result of tobacco related illness.

This is where things start to get complicated. The China National Tobacco Corporation is under the jurisdiction of the State Tobacco Monopoly Administration. The deputy director of the STMA is Li Keming, the brother of China's next premier Li Keqiang. China's new president, Xi Jinping is a former smoker and his wife, the famous folk-singer Peng Liyuan is an 'Anti-smoking Ambassador' for the Chinese Association on Tobacco Control. Both Xi and Li Keqiang are taking the reins of a Chinese economy which is entering an uncertain time; presumably they would be hesitant enacting any restrictions on tobacco that might have a negative impact on economic stability.

Cheng Li, a senior fellow at the Brookings Institution in Washington D.C. brought these facts to light in a report issued in late 2012; he argues, "Paradoxically, Li's personal/family ties with the tobacco industry might have prevented him from making a real effort to constrain cigarette production and consumption in the country".

Furthermore, public education about the dangers of smoking is practically non-existent. BBC News cited a study that evolved from a collaboration between Oxford University, the Chinese Academies of Preventative Medicine and Medical Sciences in Beijing and Cornell University in New York: "surveys showed that two-thirds of Chinese people think smoking does little or no harm, 60% think it does not cause lung cancer and 96% do not know that it causes heart disease."

In fact, the STMA website proudly lists the many virtues of smoking, claiming that cigarettes are an excellent way to prevent ulcers, boost your brain cells, speed up thinking, improve reaction time and increase working efficiency. Chinese smokers often say that smoking fends off colds, increases immunity and keeps mosquitoes away; some even cite the longevity of Deng Xiaoping and Mao Zedong, both heavy smokers who lived to 92 and 82, respectively, as a defence of smoking. About half of Chinese doctors smoke.

In addition to the lacklustre efforts to educate the population about the dangers of smoking, the political will to make any changes is piecemeal at best. Laws were passed in 2011 which were supposed to bring the country in line with its

commitment to the World Health Organisation's Framework Convention on Tobacco Control, but they are rarely enforced. Additionally, the laws which forbid smoking in indoor public spaces were passed, without any penalty for infraction. This puts the burden of enforcement squarely on the owner of the establishment, meanwhile, most businesses either claim ignorance to the laws or argue that enforcing them would be detrimental to their business, therefore they aren't worth the trouble.

The other factor at play here of course is the cultural aspect. "A smoke after dinner is better than life after death." This famous Chinese saying paints a fairly precise picture of the attitude towards smoking in the Middle Kingdom. While non-smokers warn of the dangers from prolonged exposure to second-hand smoke, most smokers argue that it's not only their right to light-up, but also deeply entrenched in their culture. Cigarettes are offered to new acquaintances to break the ice; smoking together helps build social bonds and cigarettes are frequently given as gifts to celebrate a special occasion or when a business deal is closed.

These excuses are often voiced by smoking advocates; many say any reform can never take hold here because of the time-honoured cultural significance of cigarettes. Spain's successful public smoking-ban would suggest otherwise; the Iberian state is another country which has a deep cultural affection for smoking. Furthermore, the successes in Hong Kong and Taiwan to ban smoking in public indoor spaces demonstrate the feasibility of such measures on the mainland.

The 2011 smoking-ban, although imperfect, could be seen as a step in the right direction. As with any problem in China, one of the biggest challenges is making changes that can be enforced amongst such a large population. Progress can't happen overnight, so perhaps this is just one of several stages yet to come. That said, the clock is ticking, in the time it took to read this article, six Chinese people have died of smoke-related illness. With that in mind, I'd say it's time for priorities to be re-evaluated, the fortitude to make real changes will show a lot of courage by the newly appointed leaders of the CPC. Perhaps they can learn a lesson from the great Chinese author Lu Xun, who begs, "Does force of habit blind a man to what is wrong?" **E**

**In the time it took to read this article, six Chinese people have died of smoke-related illness.**



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