Leading the charge for the Sport of Kings and Hospitality for the Elite

Domenico Palumbo, General Manager of Tianjin Goldin Metropolitan Polo Club.

Lessons of 2016 from Tianjin’s Top Business Leaders

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Dear Readers,

2017 is finally here and in January we would like to wish our readers best wishes.

Chinese Economy has maintained a significantly consistent forecast with GDP continuing to hover around 6.7 percent. Experts see the continuation of rising debt, lower industrial output, continued loss of private investment and overleveraging of state owned enterprises (SOEs).

Many Chinese companies that had invested domestically have been taking their money out of the Chinese market for almost a year, and these figures continued in the past month as capital flight remained an issue.

Surely you must have heard of Polo but have you heard of it in context of these contemporary times? Our Cover Story features an interview with Domenico Palumbo, General Manager of Tianjin Goldin Metropolitan Polo Club, wherein he talks about the meaning of exclusivity of this sport and its ability to forge friendships with cultures and nations. Readers can discover his talent towards managing a hotel for Chinese Elite.

The most remarkable annual event of Tianjin Goldin Metropolitan Polo Club is the Snow Polo World Cup 2017, the world’s largest snow polo tournament that is going to be held for the sixth consecutive year, between 17th and 22nd of January 2017. It is a pity that it is by invitation only, but you can send us an email and we will manage to get an entrance ticket.

Our Feature Story summarizes our conversation with many of the most important business leaders of Tianjin in 2016, a city that has witnessed a boom in the hospitality industry and real estate development that has changed the shape of the city’s skyline. We extend our thanks to all of them for talking with us willingly and offering their strong support.

In this first edition of 2017 bookworms can immerse themselves in the latest release ‘Lotus’ authored by Lijia Zhang and tech geeks can solve their dilemma as to whether smartwatches will actually replace smartphones.

You can keep abreast of the latest trends in human resources that are expected to emerge in 2017 so that you are better prepared to deal with your employees, workplace atmosphere and so on. Also read our financial pages to gauge your personal standing where taxes are concerned and about expiration of land use rights under real estate section.

Finally, don’t miss our biz brief for keeping yourself informed about all recent business news and an article about the artistic aspect of Chinese New Year.

We round up this issue of Business Tianjin by wishing you all the luck and Happy New Year!

Don’t forget to visit our website www.businesstianjin.com and follow us in our official Wechat account (ID: business_tianjin) for more information.

Yours Sincerely,
Mary Smith
Managing Editor | Business Tianjin Magazine
managingeditor@businesstianjin.com
Kings and Hospitality for the Elite

only in Tianjin, but in China.

Manager of the Tianjin Goldin Metropolitan
he now stands tall as the proud General

Coast in Southern Italy, Domenico Palumbo
Hailing from a tiny fishing port on the Amalfi

Interview with Domenico Palumbo,

50 million sales in 2016. According to the
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a smartphone ‘killer’?

Revolution of the smartwatches:

An unsuccessful attempt or
a smartphone ‘killer’?

The appearance of the smartwatches on
the market of electronic devices looks like
a real revolution. In a comparatively short
period of time, this type of devices became
pretty popular: from less than a million items
shipped per year this market grew to about
50 million sales in 2016. According to the
Business Insider forecast, the tendency will
go on, hitting the 70 million mark in 2021.

The St. Regis Tianjin hotel was delighted
to share the information that three luxury
awards were awarded to this landmark
hotel by 2016-2017 City Traveler
Best Hotel Awards, 2016 Business
Traveler China Awards and 2016-2017
SPLENDEUR Top Hotel Awards
including The Best Luxury Business
Hotel, The Best Business Hotel in Tianjin
and The Best Designed Hotel. “It is
rewarding to be recognized for our efforts
in creating a visually enticing, luxurious
hotel where guests from near and far will
savor unparalleled signature St. Regis
Butler Service, divine amenities and
delightful dining experiences at the best
address in Tianjin. The St. Regis Tianjin
will keep offering more remarkable
service for everyone. Allow me.” said by
General Manager Mr. Martin L. Leclerc.

On 28th November, Tianjin Zhongsheng
Haitian Technology Development Co.,
Ltd held a “Meet Tokaji and Se Rice” Wine
Tasting Party at Sheraton Tianjin
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The Communist Party of China (CPC) Friday specified major tasks for the economic work in 2017, including further advancing supply-side structural reform. The country should push forward reforms in key sectors, including state-owned enterprises, fiscal policy, finance and social security, according to a statement released after a meeting of Political Bureau of CPC Central Committee. China will enhance the rule of law, improve its investment environment, unleash consumption potential, further open up its economy and work to proactively attract foreign investment, the statement said.

Overcapacity is a top reform priority for 2017

China's top economic planner said on Saturday that cutting excess production capacity will be a priority for its work next year. The National Development and Reform Commission (NDRC) will continue to push supply-side reform, including cutting overcapacity, destocking, deleveraging, reducing corporate costs and shoring up weak links in the economy, according to a statement issued after its annual work conference. “Substantial headway must be made in carrying out these tasks,” the statement said, adding that breakthroughs should be made in crucial fields, while multiple policies will be implemented to boost demand and ensure healthy economic development.

Central bank to force dual-network bank cards out of mainland market

Only nine of 31 provincial-level regions on the Chinese mainland have raised the minimum wage this year, data from Ministry of Human Resources and Social Security showed on Tuesday. This compares to last year's 27 provincial-level regions that raised the minimum wage by an average of 14%. In 2014, 19 regions on the mainland increased their minimum wage by an average of 14.3%. Shanghai has the highest minimum monthly wage of 2,990 Yuan. Beijing tops the hourly minimum wage list by raising its standard to 21 Yuan per hour in September this year, said the ministry.

Central bank to force dual-network bank cards out of mainland market

Only nine provincial regions in China raise minimum wage

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China's stock connect between Hong Kong and Shenzhen will commence on December 5th, allowing investors to buy and sell shares on each other's bourse as part of the latest move to improve connectivity between the two capital markets. The China Securities Regulatory Commission (CSRC) and the Hong Kong Securities and Futures Commission (SFC) have approved the deal between the Shenzhen Stock Exchange, the Stock Exchange of Hong Kong, China Securities Depository and Clearing Corporation and Hong Kong Securities Clearing Company, assuring mutual trading access between the Shenzhen and Hong Kong stock markets, the CSRC and SFC said in a joint statement.

China's central bank will allow qualified international employees working in China (Shanghai) Pilot Free Trade Zone to open overseas personal free trade accounts as part of a series of reforms encouraging innovation and cross-border investment. The measure, announced at a news conference in Shanghai on November 11th, Shanghai adopted a new law to prohibit smoking in all public areas and workplaces after months of intense debate. The law goes into effect on March. At least 20 cities in China, including Beijing and Shanghai, have no-smoking rules in public places.

China introduces 10% extra tax on 'super cars'

China has introduced an additional 10% tax on “super cars”, including Ferrari, Bentley, Aston Martin and Rolls-Royce. The tax, affecting cars that cost more than 1.3m Yuan, is aimed at curbing lavish spending and reducing emissions, authorities said. It is part of a wider effort by Chinese authorities against flashy demonstrations of wealth, which has already hit other luxury brands. China is a key market for high-end carmakers. The tax goes into effect on Thursday, although observers say it is unlikely to be a major deterrent for the super rich.

Law & Policy

New policy to benefit investment

China expects to issue a nationwide regulation banning smoking in public places before the end of the year, according to the National Health and Family Planning Commission. The regulation is listed on the State Council’s legislative plans for this year, said Mao Qunan, spokesman for the commission, on the sidelines of an international health conference in Shanghai this week. On November 11th, Shanghai adopted a new law to prohibit smoking in all public areas and workplaces after months of intense debate. The law goes into effect on March. At least 20 cities in China, including Beijing and Shanghai, have no-smoking rules in public places.

The fifth generation of cellular networks, 5G, may be put into commercial use as early as 2020, according to a regulatory body’s roadmap and the business plans of several companies. Insiders from IMT-2020(5G) promotion group, which is dedicated to boosting the systematic promotion of 5G, said second-phase testing will be launched in 2017. Authorities insiders also disclosed that the experimental stage of 5G will last for three years, from 2016 to 2018. The construction of a 5G network will begin in 2019 with a total budget of 500 billion RMB.

5G

China to embrace commercialized 5G service by 2020

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**CHINA IN THE WORLD**

5 cities begin issuing special license plates for new energy vehicles

China began a pilot program to issue special license plates for new energy vehicles in five cities on Thursday in an effort to promote such vehicles and relieve pressure on energy use and the environment. In addition to Shanghai, the eastern cities of Nanjing and Wuxi, Jiangsu province, and Jinan, Shandong province, as well as the southern city of Shenzhen, Guangdong province, have been chosen as pilot regions where people can apply for license plates exclusively for their new energy vehicles. For those who apply in the beginning by Thursday, new plates will be issued, while owners of already registered new energy vehicles can decide whether to replace their plates.

Google launches Chinese developers' website

US tech giant Google launched a Chinese developers’ website on Thursday, aiming to make it easier for developers to learn more about Google services and technologies, as well as develop new applications. Google said it set up the website - developers.google.cn - especially for Chinese developers, which has gathered the technological resources Google provides to its global developers along with latest technical information, including the Android and Firebase platforms. Starting from 2017, the Google Developers Agency Program will be open to China's software development agents. It will join hands with more Chinese partners for growth and development on the global platform.

Australia & China to open aviation sectors as travel booms

The Australian and Chinese governments have agreed on bilateral opening of their aviation sectors, Australian Minister for Infrastructure and Transport Darren Chester and Minister for Trade, Tourism and Investment Steven Ciobo said in a statement on Sunday. The statement said that the new arrangements will remove all capacity restrictions between Australia and China for each airline, thus allowing Australian tourism businesses to take advantage of the world's largest and fastest-growing consumer market. The two countries have seen a boom of direct flights in recent months.

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- A good communicator who has the ability to work as part of a diverse and dynamic team.
- Basic Chinese language abilities and experience in journalism and/or editing are preferred but not crucial.

If you are interested in contributing to our magazine, please send your CV and a brief cover letter to managingeditor@businesses Tianjin.com

**Numbers**

6.5  China’s economy is predicted to grow around 6.5 per cent in 2017.

5,000  Designer Wang Zhijin sold a limited edition smog mask made from exclusive Adidas Yeezy Boost 350 V2s for $5,000 per mask.

290  Chinese authorities shut down 290 websites between July and November in the latest crackdown on online copyright infringement. A total of 4.67 million yuan was issued in fines.

1.75  Skyscanner, a popular UK based travel search business has been sold to Ctrip in a deal worth $1.75 billion.

450  More than 450 million users registered with Alipay's latest function to sign up for organ donation.

47  Wearable tech such as smart watches and fitness bands saw a 47% penetration rate in China in December 2016, whilst 54% of consumers stated they had plans to purchase one in the following month.

1  The Chinese postal sector is predicted to take over 1 trillion yuan in revenue by the year 2020 according to the State Post Bureau.

3  China’s foreign exchange reserves have dropped to about $3 trillion from a peak of $4 trillion two years ago.
Economy

MONTHLY ECONOMIC UPDATE

By Anthony Lawry

The weakening of RMB is an extremely positive signal of the fact that the government is letting market forces strongly impact the value of the currency.

Forecasted that industrial output for November would rise in October from 6.1% in September to 6.2%, it did not do so. This is likely to be the case when November's numbers come out as well. In other words, industrial output is at a stagnant 6.1% and off from a 2016 high of 6.8% in March. Some have even predicted that industrial output will be as low as 5.9%. However, an aggregate look by most economists suggests that this negative picture will not be the case. Although manufacturing output has grown at a hopeful 6.7% in addition to a promising 7.9% growth in electricity, gas and water production, mining output fell to 2.2 percent indicating the commodity bust. Overcapacity is still a huge problem that needs to be addressed.

Because of these problems, many foreign investors have pulled their money out of China. Although fixed asset investment grew from January 2016 to October 2016 in comparison to investment between January 2015 and October 2015, the levels of foreign direct investment (FDI) in November of this year are still not greatly inspiring. It is true that Hong Kong remains a big receiver of foreign investments. Additionally, many Chinese companies that had invested domestically have been taking their money out of Chinese market for almost a year. These figures continued in November as capital flight remained an issue. Because of this, the government has issued tight controls in November on Chinese companies investing overseas in order to prevent further capital flight.

To prevent further decay of China’s economy, the government has issued large stimulus packages over the past few years to bolster growth. Those figures continued to rise significantly in November across the board in government, household and non-financial corporate debt as a percentage of GDP. In the third quarter of this year, household debt rose to 67 percent of all debt issued. While this is a high number, there is not enough evidence to indicate the impact of rising debt on the economy as it may actually contribute to spending and, in turn, growth. As for SOEs, November really saw a continuation of previous trends within the government's companies. The China Daily reported that profits for SOEs rose by nearly $2 billion from January to November of this year, yet this data conflicts with non-Chinese figures that suggest that profits remained stagnant.

Overall, we are still witnessing a precarious moment for China's economy. November’s data points further suggest that China's economy is unfortunately slowing down with problems stemming from debt, lower industrial growth and an overall global macroeconomic environment that is still not conducive for the rapid economic expansion that has been seen over the past few decades. November figures, while not truly impressive, do further indicate that China is in the process of a soft landing, the idea that although the economy is slowing it is not crashing. This is an important development for an economy that is in transition from export-based to consumption-based.

But November also saw dramatic decrease in the strength of the Chinese Renminbi (RMB). Although this is great news for exporters since it lowers the cost of labor, it is terrible news for the Chinese consumer who will, theoretically, see higher prices for consumption goods. In spite of this, the weakening of RMB is almost certainly not the result of currency manipulation. In fact, the weakening of RMB is an extremely positive signal of the fact that the government is letting market forces strongly impact the value of the currency. This is regardless of how hard the government is trying to steer the economy away from export-driven growth. In spite of this, sometimes market forces are not greatly conducive for monthly growth or consumption figures, but overall this is a great signal for the general direction of Chinese economy.

These positive trends may not fully metastasize in the monthly economic data in the near term or the foreseeable future, but they will eventually come to fruition within monthly numbers. In short, Chinese data is still weak, but there are positive signs as well.

Overcapacity is still a huge problem.
Lessons of 2016 from Tianjin’s Top Business Leaders

By Annie Ly

As 2016 draws to a close, it is important to be reflective on last year’s biggest business news to identify the highs and lows of last year’s economic rollercoaster and draw lessons from exemplary business practices. Right here in Tianjin, the business sector is lucky to be home to some of the most interesting and exciting economic policies which constantly shape and transform various sectors, leaving much room for innovation. In this month’s Feature Story, we review the expertise of the foremost business leaders in Tianjin given in 2016 and draw lessons from their top level perspectives to start 2017 anew with practical business sense.

Undoubtedly, the hospitality industry in China right now holds great potential. Unlike other mature hotels, markets in countries such as the United Kingdom and the United States of America, the Chinese market is far from saturated despite new hotel establishments being developed and invested in at a steady rate. Recent trends in tourism show that domestic tourists have become more sophisticated in their tastes. Growth in the urban middle classes has led to a younger, more affluent generation seeking top quality services and an improvement in life quality, spawning a trend towards greater leisure experiences and vacation time. For the hospitality industry in China, it is an exciting time for luxury hotels in particular to refine their service offering to cater to these new trends and keep the sector competitive for its customers.

The hotel industry in Tianjin serves as a particularly strong example of this trend. Maintaining top quality services to remain on top of a competitive, but growing industry is a message that echoed across many of the leading figures in the sector this year. Whether it’s a newly established serviced apartment or a luxury hotel steeped with historical legacy in Tianjin, the intentions remain the same.

In our June Edition 2016, Ross Grinter, General Manager of Sheraton Tianjin Binhai Hotel, emphasised the importance of “making travel effortless” for its customers. Likewise, Hugo Montanari of The Ritz-Carlton, Tianjin detailed in our November Issue the hotel’s three step process used to ensure top quality service. “Our team goes above and beyond to provide our guests with practically anything they require. For instance, picking up documents from the business district, bringing left luggage from the airport and so on – everything will be done without delay on special request”. In October, Martin Lederc, General Manager of The St. Regis Hotel, Tianjin echoed this message in our sister publication, Tianjin Plus, detailing how his management philosophy is “to treat each guest as a rock star!”

The takeaway here is to treat every customer as a VIP. Perhaps a fresh perspective can be given by this month’s Cover Story star, Domenico Palumbo, General Manager of the Tianjin Goldin Metropolitan Polo Club, one of the most unique hospitality establishments in Tianjin, if not the whole of China. Heading up the organisation of one of the world’s most elite sports in such an opulent and sophisticated luxury hotels, Palumbo contends that the key to maintain such prestigious status and keep customers returning is “aspire to surpass your current achievements and accomplish what others consider impossible”. The key is for talented staff members, managed by a personable but hands on style, to be well trained in anticipating visitor needs before they themselves need to make requests. Having a strong understanding of the identity of these customers and their profile.

Top quality services to keep on top of a competitive, but growing industry is a message that echoed across many of the leading figures in the sector this year. Where it's a newly established...
of preferences is a stand out lesson for hoteliers in China to ensure they deliver for those in this emerging trend of sophisticated traveller.

Elsewhere, other hoteliers focus on their product and service offerings and how to constantly innovate them to keep Tianjin fresh for customers new and old. Sidney Hardy, General Manager of Hyatt Regency Tianjin East Hotel highlighted the importance of authenticity in our May issue, stating that the key to success is delivering on your service promise; “we do not offer anything we don’t think we can do”. For this General Manager with over 30 years of experience in the hospitality industry, this is an area that cannot be overlooked. Speaking of developing new products, Hardy highlighted some of the most exciting events and products executed at the Hyatt Regency, including ‘Pastry Art’ classes and show bars for Chinese New Year. To keep his customers happy, Hardy told how, “We always like to do things in a way that is new and different in the market” showing that product innovation is yet another way in which Tianjin’s hospitality industry is at the cutting edge.

One of the most outstanding Business Tianjin interviews of 2016 was

Drives new customers, new innovations and new inspiration to keep Tianjin’s industries competitive

our editorial team with Mr. Ugur Talayhan, Managing Director of three of Tianjin’s most eminent hotels.

Amongst the many luxury hotels with top quality service offerings in Tianjin, there is a clear sense of competition to keep on top and attract guests from all walks of life. For Mr Talayhan, there lay potential for this competition to get out of hand but under his management and model of leadership, there is a quiet confidence that he has what it takes to shake up the Tianjin hotel industry and be a pioneer of this style of hotel management. In our July edition, Mr Talayhan stated that the new style of leadership as “a good and positive trend, especially if there are others willing to work as hard as me to make this model work”. Only time will tell if this will strengthen the Tianjin hospitality industry and set the example for the rest of China.

A Symbolically Changing Skyline

As industries continue to grow and develop in the city, it stands to reason that the skyline in Tianjin evolves with it. In our April Issue, we spoke to the C M Kwok, Deputy General Manager of Modern Group, the organisation behind the recent development of Modern International Finance Centre (MIFC) at the intersection of Nanjing Road and Yingkou Road. The building itself is symbolic of Tianjin’s business potential. It is a modern city with sky high ambitions, yet with prime office real estate in a landmark building yet to be leased to local and international companies. The MIFC represents one of Tianjin’s enduring issues – what is the city’s core identity and how can that be leveraged so that it is attractive to a diverse range of businesses?

Mr Kwok raised the point that Tianjin is a city with great potential but that “Tianjin needs to do is focus on how to position itself”. With the Jing-Jin-Ji initiative and FTZ policy, there is a strong opportunity for Tianjin to redefine itself for the future. The skyline is in a state of flux, as is the future direction of city but there lies great potential for what Tianjin could be.

What is the city’s core identity and how can that be leveraged to be attractive to a diverse range of businesses?

Tianjin the next big city to rival that of Beijing and Shanghai. Tianjin still needs to make the journey culturally to change people’s mindsets in order for business to flourish.

So what does 2017 hold for the Tianjin business environment? As far back as January, Kelvin Lee, Director of Tianjin Office, PwC identified internet companies in line with the growing area of e-commerce, service industries and higher education as areas which have strong potential growth in Tianjin. “Tianjin has a lot to offer here”, told Lee but only time will tell.

Drawing focus away from government and policy perhaps the answer is simpler. In May, Founder of one of the city’s best night life spots Steve Wang, owner of WE Brewery, told Tianjin Plus that introducing and embracing cultural changes like the craft beer revolution has the potential to be the catalyst that makes

For him and the energy sector, much is dependent on the government and infrastructure improvements. Elsewhere, there is a resounding positivity for government investment into the Jing-Jin-Ji initiative and FTZ policy with nearly all business leaders we interviewed seeing great potential to win new blood into the business realm.

The other side of the coin appears to be the issue of investment. In our February issue, Michael Yeung, Chairman of the Hong Kong Chamber of Commerce in China, Tianjin said, “Tianjin needs foreign investment and further government support to encourage businesses to seize the opportunities there are in Tianjin over the coming years”. Without doubt, further business investment in the city will see it drive new customers, new innovations and new inspiration to keep Tianjin’s industries competitive. The consensus is that 2017 looks bright for business in the city.

Many of our business experts have identified areas for opportunity and growth. In our March edition, we spoke to Martin Kjærbo, General Manager of Vestas Wind Technology Manufacturing Complex, TEDA on the direction of wind technology.

Elsewhere in our October issue interview with Adam Dunnett, Secretary General of the European Chamber of Commerce in China, and Christoph Schrempp, Chairman of the Tianjin Chapter European Chamber of Commerce, identified the aviation industry in Tianjin as being one with great potential for growth in the new year. “We can expect to see further major investments to maintain stable and continuous growth. Tianjin is in a special position considering the set up [infrastructure] of the TEDA zone and the developing areas around the Tianjin-Binhai International airport.”

On the 2017 Horizon

Of the key lessons drawn from the leading business figures interviewed this year, none should be confined to their respective industries. All carry across strong values around maintaining and delivering high quality products and services, constant innovation to keep things fresh, need for co-operation and collaboration and, finally, belief and positivity that Tianjin has what it takes to create a prosperous business environment. If there are any resolutions that business leaders need to make for the upcoming year, it is to stick to these core business lessons.

Visit us online: btianjin.cn/170102
Hailing from a tiny fishing port on the Amalfi Coast in Southern Italy, Domenico Palumbo has spent the last 18 years working in the hospitality industry of Mainland China, where he now stands tall as the proud General Manager of the Tianjin Goldin Metropolitan Polo Club, a unique luxury establishment not only in Tianjin, but in China.

With great insight into the emerging popularity of the "sport of kings" and the elite hospitality sector, this month we sought the experiences of Mr Palumbo to enlighten our faithful readers on all things opulent and decadent at the Tianjin Goldin Metropolitan Polo Club.

You have been General Manager at the Tianjin Goldin Metropolitan Polo Club for over two years. Can you tell us more about your previous experience and how you ended up in this position?

I arrived in China back in 1998 on a 1-year hotel management training program; once I completed that, the same hotel GM hired me as Front Office Manager. Two years later, I switched to private club management which gave me the fantastic opportunity to be involved with some of the best sport, business and residential clubs in China, from Guangzhou to Shanghai, from Chengdu to Beijing and then here in Tianjin.

Tianjin Goldin Metropolitan Polo Club is home to China’s largest polo facilities. It is integral to the popularity of the sport in China. What are your thoughts on the popularity of Polo in China right now?

Traditionally, the culture of polo and horses originated in China, where the game was an imperial sport during the Tang Dynasty. It was thought to enter China via Central Asia or Iran. Therefore, polo is a game that historically connects with Chinese people. China is especially important as a market for the “sport of kings” as it aligns itself with a new world order.

I think the Chinese are going to be the most influential superpower and polo represents the best passport they can have because wherever they go, they will always feel welcome. The horse is an international language. It doesn’t matter if you speak Arabic, Russian, or Mandarin. If you understand the horse, you have a bridging point with anyone, anywhere in the world.

China is an especially important market for the “sport of kings” as it aligns itself with a new world order.

Our target market consists of private entrepreneurs who first of all enjoy as well as can afford the lifestyle. There are a growing number of businessmen and their children who are starting to take the sport seriously in China by joining polo clubs like ours in Tianjin. Having become members, they will not only have the opportunity to learn and improve their horse riding and polo skills, but also meet and mingle with like-minded individuals.

The Tianjin Goldin Metropolitan Polo Club offers high end, luxury facilities and experiences for visitors and customers. Can you tell us more about your typical clients, customer base and who you seek to attract to the Club?

You are the charge the charge for the Sport of Kings and Hospitality for the Elite interview with Domenico Palumbo, General Manager of Tianjin Goldin Metropolitan Polo Club By Annie Ly
The Club is home to China’s largest polo facilities, featuring two international-sized polo fields, one indoor arena, stable for over 200 horses, and a 167-room luxurious club hotel featuring a selection of stylish restaurants and lounges as well as state-of-the-art spa and fitness facilities. Meanwhile, designed as a lifestyle hub, the Club offers a range of services for both business and pleasure.

As a luxury resort destination, we have spent a great deal of time developing ways for our members to experience real luxury. From the sophisticated design, as well as choosing of branded amenities in the rooms, to the personalised butler services, we are creating a truly royal experience for anyone passing through our doors.

Ultimately, the fundamental part of our job is that people matter the most, so we must become masters at making people feel great - to build and maintain lasting relationships, to always make people feel better about themselves, and to become the kind of people everyone wants to be around.

You also offer membership packages. Why should people consider becoming a member?

Metropolitan Polo Club membership connects members and their families to an elite global network of like-minded professionals, opening doors both on and off the polo field. Besides the luxury services and facilities offered at our venue in Tianjin, club members have access to a distinguished fraternity of club affiliates worldwide and enjoy the benefits of global camaraderie at international events and activities.

Most importantly, we spend considerable energy researching hobbies, likes and dislikes of our members to ensure that they feel like “part of the family” instead of joining small groups occupied by strangers.

What are your thoughts on the luxury, elite hotel market in Tianjin or China more broadly?

At a time when luxury establishments are being shattered under an official crackdown on opulence and corruption all over China, I believe we still have an edge on other luxury venues because we are offering something unique. The elites in the 80s played tennis, the elites in the 90s played golf. Why play golf, when you can play polo?

There is a fast growing niche of polo aficionados. I think now the truly inspirational sport for those people who want to demonstrate themselves as totems in their community is polo because it is relatively unusual, it is new, but more importantly, it is Chinese.

It is undeniable that the Tianjin Goldin Metropolitan Polo Club is a unique establishment in Tianjin and China as a whole. What steps do you take to uphold your reputation as a place for elegant, elite and prestigious events and services?

With its motto “Go Beyond”, our Group always aspires to surpass its current achievements and accomplish what others consider impossible. By entrenching creativity and embracing innovative ideas, our goal is to consistently raise the standard bar of our service offerings as well as challenge our team to scale new heights.

The Fortune Heights Snow Polo World Cup 2017 is about to take place at the Tianjin Goldin Metropolitan Polo Club for its sixth year running. What are you looking forward to most about this year’s great event?

The Fortune Heights Snow Polo World Cup 2017 will be one of the world’s most iconic structural buildings. What do you think this construction of the tower will bring for the Polo Club, as well as to the Tianjin hospitality industry?

As one of the tallest buildings in the world, Goldin Finance 117 is or near many height records. Its 579-meter-high observation deck is the third tallest in the world among all buildings completed or under construction and when completed it will hold the record for highest hotel rooms in the world at 560 meters. Additionally, an indoor swimming pool located on floor 115 will be the world’s highest at 564 meters. That will certainly boost competition and present some extra challenges for the local hospitality industry.

On the other hand, as the centerpiece of the Goldin Metropolitan project, the Fortune Heights Snow Polo World Cup, the most prestigious snow polo tournament in Asia fetching the highest prize money.

Six of the world’s premier polo nations, representing six continents, will come together for the sixth year running at the splendid frozen surface of the South Field from 17th to 22nd January 2017. This year, we are going to witness a fierce battle for Team Hong Kong China to defend their crown against Team England. The comeback of the strong rivals Team Argentina and Team USA are both variables in the game, making it hard to predict the result. Then, there are potential for upsets and excellent games.

Australia and South Africa creating at or near many height records. Its 579-meter-high observation deck is the third tallest in the world among all buildings completed or under construction and when completed it will hold the record for highest hotel rooms in the world at 560 meters. Additionally, an indoor swimming pool located on floor 115 will be the world’s highest at 564 meters. That will certainly boost competition and present some extra challenges for the local hospitality industry.

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the eye-catching skyscraper will bring in new tenants for its office space, new residents for our luxury residences and, as a consequence, new club members!

What do you see for the future of the Tianjin Goldin Metropolitan Polo Club?

The 2016 season was a successful one at the club as more tournaments than ever before were successfully organised, drawing a large number of polo fans to the club as well as educating newcomers about the sport and its lifestyle. Polo is still a very young sport in China. You can count the number of polo clubs on one hand, and there are fewer than fifty active polo players. But the future is looking certain. Polo is more than just a game and we should not forget the horse. After all, the horse is every polo player’s most important partner. It is not an investment, it loses value quickly and gets injured, so it has to be looked after properly. And we have to teach that to our future members and polo players.

You have experience in the hospitality industry having worked in cities all over China. How does the sector differ from city to city?

According to my personal experience, I believe any services offered have to adapt to the needs of different consumers living in different cities. China is a huge country and therefore an adaptation of standards and economics is vital for profitability in our sector and, consequently, for the development pace in China. In general, there is not a “one size fits all” solution in hospitality and definitely not in China!

What do you see for the future of the Tianjin Goldin Metropolitan Polo Club?

What is the future for the luxury hospitality industry in China or Tianjin? What trends or new developments do you see arising in this sector?

Since the first generation of luxury hotels, the hospitality industry in China has changed significantly and remains in a state of evolution. We have seen this sector adapt to a maturing market, increases in competition, advances in technology and significant changes in China’s economy. The concept of luxury is moving from ‘having’ to ‘being’, leading Chinese consumers to shift their spending and aspirations from buying luxury goods towards experiential travel. As the shift from possessions to pleasure gains momentum, we are starting to see more demand for venues specifically geared to offer unique and memorable activities and that’s exactly where we can (and will) play a bigger role providing the kind of lifestyle our members are looking for.

You are a founding member of Chaîne des Rôtisseurs - Bailliage de Tianjin, an international association of gastronomic excellence. What benefits has being a member brought to your role as a General Manager of such an elite establishment?

Besides the fun of attending events and meeting people of similar interest from all over the world, my Chaîne membership provides me the opportunity to learn what the discerning consumer is looking for in our services and products. Professionally, I have always found the preparation and presentation of a ‘Chaîne’ dinner to be an invitation to stimulate the desire of everyone involved to excel. It challenges the skills and expertise of both the culinary as well as the service brigades to be creative and to put on an exceptional performance.

Joining the Chaîne and meeting with fellow members face to face has certainly provided me with an insight that I did not have before. By the way, I am pleased to announce that the Bailliage de Tianjin of the Chaîne des Rôtisseurs will be officially established next year with an Induction Ceremony and Gala Dinner to be held at the Metropolitan Polo Club on 11th March 2017.

Any final comments?

Looking forward to seeing you, Business Tianjin avid readers, your family and friends at our South Field Clubhouse during the Snow Polo Week in mid January to enjoy the experience of a lifetime!
Talking with Leo Liu about Operations Optimization
SVP & Managing Director of TriVista

By Darren Grosvenor

TriVista China Leader summed things up quite well: he noted that his team started their firm to be able to help companies with a Greater China presence achieve operational excellence and support them with their operational strategies globally. As the corporate environment here evolves, Chinese companies will need to continue to adapt their strategies and compete on a global level. They must deploy the same type of operational best practices that Western companies are utilizing in higher cost regions. That is what we focus on.

The reason I want to be a consultant is simply because this is how I can help other business improve their performance, and the consulting industry is a new and growing industry in China.

TriVista management consulting is assisting businesses in several different areas of expertise: Operations Continuous Improvement, Mergers and Acquisition Support, Supply Chain Management and Footprint Optimization, just to name a few. We have offices in Tianjin, Shanghai and Shenzhen that support Greater China. This allows our team to provide Lean and Six Sigma operational best practices across a number of industries throughout the Asia Pacific region. We also have global locations such as in the USA, Singapore and in Manchester, England.

By using operational consultants, an organization can apply the benefits of Lean to optimize the manufacturing process. Sometimes there is a cost associated with the change, but the long-term effect is a cost savings.

I set up TriVista Tianjin in 2008 while my partners worked with me in Tianjin since 1990’s. And we all believe that Tianjin is a great industrial center for operations consulting market.

The reason I want to be a consultant is simply because this is how I can help other business improve their performance, and the consulting industry is a new and growing industry in China.

Tianjin is my hometown. Since I grew up here, I knew I wanted to have my career here. I am currently the Managing Director for TriVista, here in Tianjin, which is our Asian Headquarters. Prior to joining TriVista, I worked in various industries and business covering different functions of the senior leadership team, and eventually found that my Lean and Six Sigma Manufacturing experiences might help a lot of other western companies as well as Chinese companies in operations performance improvement.

I am not talking about the financial part but rather the manufacturing part. We have coined the term: Quality of Operations (QOO) which means Operational Due Diligence. By our team visiting and evaluating the factory we can see that the production ability and other factors match the financial numbers. Our team members are not just students that graduated from college, we are professionals that have held high-level management positions in the manufacturing sector with decades of expertise and we know what the operations (suppliers included) must look like to generate certain production output.

What can companies do to foster efficiency and cost savings in manufacturing while still maintaining the best quality control efforts?

Six Sigma has been around a long time. Is it still able to get the best results?

By being a global organization, we can assist clients from various private equities and other entities in many parts of the world to not only choose which factories to buy or to setup, but also help them to do the due diligence required. I am not talking about the financial part but rather the manufacturing part.

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The most important thing is how we do the due diligence.

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Lean can be used on its own or together with Six Sigma as they achieve different outcomes.

I see that ITT started out in Tianjin back in 1992, what are the challenges faced in the manufacturing sector today versus back then?

Back in that period, manufacturing had a lot of investment since the returns were quite high, but today with the Real Estate market being so strong, there is less investment into the factories.

Do you see manufacturers expanding their footprint in China or consolidating?

Consolidating is the right word because you know it is quite interesting that many people in China say we are going down and down. They think we are losing many opportunities to India. But, in fact, China is just slowing down and not in a freefall. Existing footprint is consolidating. In some cases, back to the USA as their customers may be within that country or there might be incentives to bring it back.

What do you think of when you hear this statement by Steve Jobs: “You always have to keep pushing to innovate”?

The U.S. is the innovator and the structure is setup to facilitate that. The US culture instills the desire to be entrepreneur. Within China, there is only certain regions that have this desire. The current inventions cultures within China are not real inventions that lead a new industries or a new technology. China is building the foundation for future creative inventions.

Can you describe the human resources situation for manufacturers within China?

Several organizations have moved their operations to Indonesia or other countries to try to reduce their labor costs, but they are finding that the overall costs are the same or higher. Here is why: The other undeveloped countries do not have the same amount of trained labor, lack of infrastructure and lack of industrialized supply chain. The raw materials or sub-parts of the products may still come from China. So even if the labor-intensive industry is moved to another country, the per hour labor cost may be less but they might take longer to produce the product with higher logistic and material cost.

It is true that the labor cost in China is increasing, but the big problem is that the labor is becoming more picky about the work they do. They just do not want to do the tougher labor work like cut-and-sew and granite production industries, etc.

Higher labor cost should not discourage investment within China since there are other factors and favorable Government policies that can make the overall cost (logistic/supply chain, etc.) nearly the same as in other nations.

Can you describe the future business environment in China?

The educational system needs to evolve to foster innovation and creation. We are training operators and not managers or inventors.

I hope that the domestic market will be more creditable so the investors will see the pay-back is similar to the real estate investment. Also, this credibility can help the investor to get their money back.

Chinese customers can afford higher quality items and they can see the difference so the future suppliers must have the high-end quality not only for the export market but for the domestic market as well.

In the next 5 to 10 years, since people here need to consume and will make China become the biggest market. I hope the manufacturing within China will learn from the U.S. and then the private equity investors will invest.

Visit us online: btianjin.cn/170104
The recent presidential election in the United States will be ushering in an increasingly antagonistic administration to the Chinese government in the world’s largest economy. While the prospect of President-elect Donald Trump’s 30% to 40% blanket tariff threat should be looked at with a skeptical eye, there is little doubt the macroeconomic climate for Chinese investment has become much more hostile and potentially problematic with this additional political risk. This is not even taking into consideration the old stories that everyone is familiar with, namely slowing Chinese GDP growth, capital flight, transforming the economy from exports to consumption, increasing uptick in mergers and acquisitions, China’s ability to overcome the so-called middle-income trap, etc. Overall, the risk and sheer uncertainty that goes along with investing in China has not been this high since the onset of 1996 Asian currency crisis (a crisis that eventually was not as damaging to China as others like Thailand or South Korea). Nonetheless, an avid China watcher or casual investor looking to cash in on potential returns from international or emerging markets need look no further than the Middle Kingdom. With high risks would come a high reward. Indeed, a number of financial opportunities are still available for the possible next boom in Chinese growth. China is still the world’s second largest economy with the world’s largest consumer market that is still achieving extremely impressive 6% GDP growth figures. The common perception among international financial analysts is that China has become much more risky over the past few years and will show slow growth in equities over the next few as well.

But common perceptions in market analysis led by emotion, fear, misreading data points, or simple black swan events can lead investors astray. In other words, now may be the time to jump into the market despite how risky it may be. Nonetheless, here are a few examples of high risk high reward Exchange Traded Funds (ETFs) that are available.

ETFs are still the primary conduit for solid 5% or higher returns in this global economic climate. If chosen carefully, these types of assets have the track record of outperforming virtually every index barring the S&P 500 or the Dow Jones Industrials for example. To begin with, the Global X NASDAQ China Technology (QQQQ) index is a somewhat unknown entity in Chinese equities. Obviously, this is a sector-based fund entirely invested in Chinese technology equities. But where this fund differs from other Chinese tech funds is the share of its holdings. While the usual suspects are in the lineup such as Tencent (7.67% of portfolio share) and Baidu (7.8% of portfolio share), its largest holdings are the relatively unknown NetEase Inc (8.45% of portfolio share) and SINA Corp (8.05% of portfolio share). With a volatility level of nearly 2 beta (on a scale from -2 to 2 with 2 being the highest level of volatility), this is a fund that very closely follows the ebbs and flows of various different equity indices. That being said, the fund has grown from $14 per share to nearly $25 per share over the last four years, thus giving investors in 2012 more than 25% return.

Another high risk high reward Chinese fund is a sector-based fund called Global X China Financials (CHIX). Traded on the NYSE, this fund is filled with traditionally known Chinese banks such as the China Construction Bank (10.13% of holdings), the Industrial and Commercial Bank of China (10.03% of holdings), and AIA Group (9.06% of holdings). It also has 5% holdings in a number of insurance companies such as China Life Insurance Co and Ping An Insurance Group of China. The fund had grown from 10 dollars a share with a growth rate of 100% to 20 dollars a share at its height in June 2015. But as China stock watchers can probably guess, it has fallen significantly since that high from two stock crashes, but still maintains a healthy level of returns being priced at 14 dollars a share. However, its beta sits at 1.05, making it one of the more risky investments you could make in Chinese ETFs as it highly correlates with international indices.

Overall, China remains an extremely interesting country for investment. Despite all the hoopla around its slowing economy and its other various issues, a large degree of stimulus, investments and higher exports are likely to be seen from the 10% weakening of the CNY that was seen recently this month. There are little other emerging markets outside of Asia that are as attractive as China. This remains the case now and will likely be the case in the immediate future as relatively little has changed in a positive direction in the global macroeconomic environment or for individual emerging markets over the past few months.

You Can’t Win if You Don’t Play

High Risk and High Reward
3 ETFs to Cash in on China’s Next Growth Boom

By Anthony Lawry

China remains an extremely interesting country for investment.
LeEco Unit Eyes Changes to Business after Shares Take a Hit

The Chinese electronic and television company LeEco said that it has been overextended and was having problems raising additional funds. In July, LeEco purchased a US television maker, Vizio, for $2 billion which came after a number of other acquisitions by the company looking to expand beyond the sale of electronics. LeEco’s only profitable business now appears to be Leshi and the company said it will continue trading on the market after investigating why the stock’s price had declined so rapidly.

Source: Wall Street Journal

Caterpillar Seeking Deeper Ties with China

The US tracker and machinery company, Caterpillar, is seeking to expand its business by cooperating with the Chinese government on issues relating to China’s One Belt One Road (OBOR) initiative. The economic initiative is essentially a massive infrastructure and investment project aimed at creating new energy, transportation and other infrastructure projects through Asia, Africa and Europe. Caterpillar is aiming to cooperate with the Chinese government on procuring greater cooperation between them and foreign governments in relation to the vast array of OBOR projects that are expected to prop up through the OBOR network. In doing so, Caterpillar will aim to work closely with the Chinese government in “unprecedented opportunities” in a collective international market that includes 63 percent of the world’s population and 30 percent of the world’s economic output.

Source: China Daily

Scott Morrison approves sale of Kidman & Co to Rinehart’s Chinese JV

The mining billionaire Gina Rinehart’s aforementioned joint venture with the Chinese firm owned investment firm, will have control of the board of directors in addition to day-to-day operations of the business. An unidentified individual close to the deal mentioned that Shanghai CRED will most likely look for an increase in its level of ownership in the joint venture in future. In spite of this, it is speculated that Shanghai CRED looks to make further inroads in Australia’s land and beef industry and the purchase will put Rinehart’s company that the deal will continue to be highly scrutinized.

Source: The Guardian

Origins and benefits of the Property Law

The origin of the current land use system in China stems from an amendment to Article 10 of the Constitution of the People’s Republic of China, made in 1988, allowing for private ownership of land use rights nationwide. The new law helped shift the responsibility of home construction and property management from the government onto real estate developers, while gradually easing an urban housing shortage by permitting the commoditisation of home building.

Under the new system, all land is still technically owned by the state, but land use rights can be purchased privately as leasehold title — meaning ownership of land or property over a fixed period — and are also transferable to a third party. There is no freehold title — meaning private ownership of land or property in perpetuity — in China and according to law, the government still maintains the right to reclaim the land and pay appropriate compensation to the land user in cases related to the common good.

How does the leasehold system in China differ from other countries?

Although at its core China’s leasehold system resembles other leasehold systems in Malaysia, Singapore and the United Kingdom, there are some differences. Unlike in the UK system, leaseholders in China do not pay an annual ground rent to a freeholder — land or property owner who holds the legal title. While this sounds complex, it roughly translates to the fact that the government does not levy an annual fee on land use rights in China. Leasing terms also vary: Malaysian leasehold terms of all types are typically 30-years while in Singapore, terms range from 30 to 999 years. In China, leasehold terms depend on the property type, and range from 40-50 years for industrial and commercial land to 70 years for residential. The question is – what happens after that?
Specfics for extension of land use rights remain clouded

Put into effect on October 1st, 2007, Article 149 of the Property Law reassures owners of 70-year residential property that their leaseholds will be renewed upon expiration. However, the Property Law did not specify the basis for renewal fees or list any provisions for the renewal of commercial, industrial or recreational property. For most of the country, the earliest commercial leaseholds properties are set to expire sometime around 2030.

What are the risks for the market?

The uncertainty left after the Property Law has caused some investors to speculate as to whether the government will repossess commercial land upon expiration (i.e. large-scale expropriation) or charge exorbitant renewal fees that could negatively affect property prices. A study of reports and announcements made by mainland-listed REITs reveals two primary risk factors concerning the future value of leasehold property – uncertainty surrounding renewal costs and the uncertainty of the renewal procedure.

Properties with only a short term remaining on their leasehold may suffer from a lack of liquidity. Sellers and potential purchasers may have differing views on the renewal procedure and be unable to come to a consensus on pricing. Institutional investors, which commonly have five to ten-year holding periods, will face exit-risk – the risk of being unable to sell the property – once the remainder of a leasehold becomes shorter than its desired holding period.

The lack of a clear policy also threatens the financial system as a whole. Properties serving as mortgage collateral may see their liquidity deteriorate as their leaseholds get closer to expiration, forcing banks to place their bets on the renewal policy and re-evaluate the quality of the collateral. This could undermine the accuracy of property values on bank balance sheets, as any valuation will inevitably reflect the appraisers’ speculations on renewal policy.

So far, policies for renewal remain localised

Some Chinese cities that sold land use rights with shorter terms than the national standard have been faced with expiring land use rights. This has led municipal governments to draft local policies to confront the issue.

Qingdao

In the coastal city of Qingdao, several residential properties reached expiration in 2011 after being granted 20-year leases in the late 1990s. According to local news sources, the properties have continued trading despite reaching expiration and the municipal government is still awaiting instruction from central authorities for an extension of the land use rights.

Wenzhou

In the eastern city of Wenzhou, several residential properties on special 20-25 year leaseholds reached expiration in early 2016, prompting the municipal government to ask for renewal fees equivalent to 33% or more of the home value if the owners wanted to keep the property, according to Mingtiandi, a property website. A later report by ifeng.com revealed that the renewal fees were calculated as the appraised value of the unit land price (on a per square meter basis) multiplied by the unit area. Using this method, the owner of a property worth RMB 24,000 per sqm would thus need to hand over a renewal fee of 33% his total home value if the land in which his property sits was appraised at just RMB 8,000 per square meter. The curiously high renewal fees brought public attention to the renewal policy and the effect it might have on the wealth of homeowners nationwide.

What should we expect from governments moving forward?

In China, leasehold terms depend on the property type, and range from 40–50 years for industrial and commercial land to 70 years for residential.

Land lease expiration also provides municipal governments with an opportunity to implement new tax policies. At present, local governments rely largely on one-off sources of tax revenue – the sale of the land itself to stamp duties on the aggregate value of commercial leases. Leasehold renewals provide an opportunity to collect ongoing revenue and even to establish a property value on which annual property taxes could be more widely assessed.

We believe that the government will strike an appropriate balance between public revenue and social stability. Prompt implementation of a clear policy on the renewal of land use rights will undoubtedly benefit the Chinese economy and society as a whole.

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What is a Geographic Indication (GI)?

A GI is a label that identifies a product with a source associated with a specific region and is renowned and trusted for its nature, quality and authenticity. GI is therefore a labelling that identifies a good as originating in a specific territory, region or locality, where characteristics of the good are associated with its place of origin.

GIs are protected by World Trade Organization (WTO) signatories, including all 28 European Union (EU) Member States (MS) and China – since 2001. This is designed to prevent unfair competition and to protect consumers from purchasing goods that misleadingly claim to be from a particular place.

China is now the world’s largest importer of food and the EU is its largest exporter of food & beverages, with F&B exports to China having been worth EUR 10.3 billion in 2015. The current social and economic climate in the food and beverage industry therefore provides fertile ground for counterfeiters and infringers. If you intend to export products from a specific geographic region, obtaining GI registration can provide necessary evidence of your product’s origin which will build trust for your brand among domestic consumers.

Covering your back – registering a GI in China

There are four key steps to protecting your GI in China. These are:

1. Contacting your GI organisation: This is the organisation that regulates your specific GI, such as the Bordeaux Wine Council. Your GI organisation can be used to check whether a GI for your product is already protected in China. If it is, you can apply for a User Permit for your product.

2. Recommending that your GI organisation registers the GI as a certification or a collective mark: This step should be used in the event that your GI is not already registered in China. Under Chinese Trademark Law, GIs can be registered as certification or collective marks. Chinese Trademark Law only protects your GI if it is registered – so it is strongly recommended that this is done as soon as possible to protect your product from imitations. A GI can be a geographic name (e.g. “Roquefort” blue cheese), a symbol or logo (e.g. a picture of the Leaning Tower of Pisa), the outline of a geographic area (e.g. a map of Paris), or anything else that identifies a product with a source region. However, if your name or sign resembles a national flag or emblem, you need to consult the relevant country’s government.

3. Registering for GI protection at the AQSIQ: For extra protection regarding product quality standards, your GI organisation can register with the AQSIQ. This double approach will ensure that your product receives maximum GI protection in China.

4. Monitoring your supply chain: To be able to enforce your GI rights, you first need to know when your rights have been infringed. Ensure that you are closely monitoring your supply chain to guarantee that your sales staff, distributors and intermediaries are selling your products. Supply chain infiltration can severely harm your reputation and undermine your business. It is also important to be aware of what is happening in the market. If you discover copycat products infringing your GI, inform your GI organisation as soon as possible.

Endnote

Is CSR becoming increasingly important in marketing?
By Aaron Low / Copy-Edited by Annie Ly

There is no denying that many companies worldwide are increasingly recognising the importance of Corporate Social Responsibility (CSR) as they face backlash from consumers who dislike companies that abuse child labour or cause environmental degradation. Nike’s sweatshops is just one of many such criticised practices. Consumers now want to see that business has a role in society too. Generally, there are 4 main components of CSR: economic, legal, ethical and altruistic and all stakeholders have to be considered when a company engages in CSR activities pertaining to these four areas. Numerous examples of CSR efforts in marketing abound globally, especially among multinational corporations. So the question arises: does CSR play an important role in marketing? Do these efforts pay off? The answer seems to be ‘yes’ from various studies. We look at 3 aspects of CSR in marketing, delineating its importance.

1. Good Act in itself

Michael E. Porter of Harvard Business School once said, “Brands can do well by doing good.” It seems that he was right. According to a report by Business for Social Responsibility (BSR), CSR principles resonate with brands’ customers by inducing loyalty and trust. A recent study from Cone revealed that a staggering 91% of customers would like to hear about a company’s CSR and progress, suggesting that customers seek a deeper connection beyond traditional marketing.

Being socially responsible as a company can also serve to improve its image, strengthen its brand and even raise its stock value. For this, the value of transparency is key and should not be overlooked. The lesson is simple; invite customers to see that you are a company that cares and realise that honesty is a highly sought-after characteristic in the modern day. All in all, it has been proved that a well-rounded strategic CSR programme ultimately benefits the company from the competitive advantage that CSR offers and companies who do not have CSR practices stand to suffer from a competitive disadvantage.

2. Engagement of customers/emotional appeal

Cause-related marketing, in which CSR initiatives feature in, is a vital tool in appealing to new customers by engaging them. This marketing technique is said to establish a connection between customers’ purchases and the beneficiary to which some money will be channeled to. Such a promotional tool also taps on to the emotions of customers and entices them to purchase the products in question. Companies stand to enjoy a better return on investment (ROI) by having such CSR initiatives incorporated in cause-related marketing and also possibly be ahead of competitors.

One way in which to successfully achieve this deeper connection through promotion of company CSR practices is the use of audience empowerment to drive engagement. Inviting customers to give feedback about the company’s social responsibility empowers customers to provide inputs. It works as an effective marketing tool which promotes a positive reputation at the hands of the customer. Besides, incorporating CSR in marketing gets people talking and sharing the feeling of good inner image, which encompasses the above four components, and is likely to yield positive results for the company.

3. Clear purpose

Finally, when engaging in CSR efforts as a marketing tool, it is pivotal that a company does not forget about having a clear purpose and a correct cause. Some companies face backlash from the media accusing them of greenwashing (feigning interest in social responsibility) just to deceive customers and ‘project a good outer image’ when in reality morally questionable practices may still be conducted by them behind closed doors.

An example of CSR effort embedded in marketing that is largely regarded to be successful is Coca Cola India’s ‘Support My School’ campaign. This campaign focuses on a universal cause with Coca Cola obviously having a very clear purpose in mind. By engaging with its audience (kids in rural schools) and supporting them with resources, it subliminally promotes its brand to these kids who can be their future customers.

So how should a company ensure that its CSR has a clear purpose behind it to prevent greenwashing accusations by others? Perhaps these four points should be borne in mind when a company decides on embarking on a CSR program or initiative:

1. Meaningfulness and sustainable impact of programme on stakeholders
2. Whether the program draws upon the company strengths and resources
3. Level of engagement with stakeholders and the media
4. Whether it makes a positive difference to people and the planet

Broadly speaking, a CSR initiative which encompasses the above four points shows a very clear purpose and is likely to yield positive results for the company.
The New Era on Administration of Foreign-Invested Enterprises (PART II)

3. Significance of record-filing regime

The reform from approval regime to record-filing regime has been considered as a nationwide revolutionary change in the administration of FIEs. Its significance can be seen from the following aspects:

3.1 Nature of record-filing regime

Article 5 of Interim Measures provides that record-filing for incorporation of FIEs can be made either prior to or within thirty (30) days after the issuance of business license. Article 6 provides that record-filing for amendment of foreign-invested enterprise shall be made within thirty (30) days upon the occurrence of change via comprehensive administrative system online. Article 20 provides that upon completion of record-filing, a “Record-Filing Receipt” may be issued to the foreign-invested enterprise upon request. Therefore, unlike administrative permission, we understand that record-filing regime is supervision and administration informative in nature. Hence, it shall not be treated as a pre-condition to incorporation and/or amendment of the FIEs.

3.2 Requirement of penetrating management

It is required in Articles 5 and 6 of Interim Measures and its Annexes, the Application Form for Establishment of FIEs and Application Form for Amendment of FIEs that the information of ultimate controller of FIEs and ultimate controller of FIEs’ investors shall be disclosed.

The term “ultimate controller” means a natural person, enterprise, government agency or international organization that is ultimately controlled directly or indirectly by means of shares, contracts, trusts or other means (in short exhaustively possible), i.e. the actual controller needs to be traced back to the legal subject at the uppermost level. If the ultimate controller is from overseas, he shall be traced back to overseas listed companies, overseas natural persons, foreign government agencies or international organizations (including government fund); if the ultimate controller is domestic, he shall be traced back to domestic listed companies, domestic natural persons or state-owned/collectively-owned enterprises.

It is noted that due to information sharing between the record-filing authority and tax authorities, if the non-resident enterprise indirectly transfers the equity of FIEs and results in changing the ultimate controller of FIEs, the tax authority will determine whether the indirect transfer of FIEs is with reasonable commercial purposes. If it does not have a reasonable commercial purpose, the tax authority has the right to re-determine the nature of indirect equity transfer which could be recognized as a direct transfer of FIEs equity and therefore enterprise income tax may be imposed on the income of equity transfer.

3.3 Post-mortem supervision mechanism

In order to enhance post-mortem supervision, Interim Measures requires that the competent commerce departments and relevant administrative departments of public security, state-owned assets, customs, tax, industry and commerce, securities and foreign exchange should closely cooperate and coordinate to strengthen information sharing. If competent commerce departments find, in the process of supervision and inspection, any illegal behaviours of FIEs or their investors which do not fall within the scope of their administrative responsibilities, they should promptly inform the departments concerned.

It is important that integrity information of FIEs and their investors found out in the process of supervision and inspection by the competent commerce departments and other responsible departments shall be kept in the foreign investment integrity records system of the Ministry of Commerce. Among others, in case of any failure to carry out record-filing, any inauthentic record-filing, lack of cooperation concerning supervision and inspection, or refusal to implement administrative penalty decisions made by the competent commerce departments, the competent commerce departments shall disclose the integrity information via foreign investment information disclosure platform of the Ministry of Commerce.

3.4 Legal liability

Article 24 of Interim Measures provides that if the FIEs or its investor violate the obligation of record-filing regime, the FIEs shall be ordered to make correction within the limited time. If circumstances are serious, it shall be fined not less than one time but not more than three times of illegal income, but no more than RMB 30,000.

Furthermore, Articles 25 and 26 of Interim Measures provide spaces for concurrent penalties if the FIEs or its investor engage in business in limited or prohibited business sectors without obtaining prior approval, apart from the measures indicated in Article 24. In case of violation of other laws and regulations, the relevant departments shall investigate the corresponding legal liabilities.

4. Conclusion

When Interim Measures takes effect, the administration of FIEs has entered into a new era which is under the mode of national treatment plus Negative List management mechanism. The record-filing regime has been considered as an important measure taking into account the new steps of China’s reform and opening-up of domestic market, which shows that China has undertaken its responsibilities as one of the largest developed countries in the course of global integration.

Although China has made a significant step on the administration of FIEs, we are still far away from the legislative aim of unified rules on FIEs administration. We hope this reform will provide impetus to the release and implementation of Foreign Investment Law in the near future.

As always, Garrigues will keep close eyes on the practice and further development of the FIEs administration laws and regulations and keep you posted.

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Emerging HR trends of 2017

By Betsy Taylor

As the year is just about to start, emerging HR trends are discussed among HR professionals. However, emerging trends bring their own management challenges. Although it is not an easy task to stay updated with new trends or to set new ones, HR specialists need to be aware of the trend curve to stay ahead and prepared to cope up with whatever 2017 will bring. It is beneficial for organizations to keep an eye on the shifts and changes in the HR sector that are likely to take place over the next year.

There are several factors that may have an impact on the HR functions such as advanced technology, big data and most importantly, social media. HR professionals should be expected to be prepared to deal with upcoming changes in trends due to certain factors. The impact is observed on HR activities like selection and recruitment, employee experience and engagement and Performance Management System.

As social media and new technologies are having an impact on many HR activities, therefore, the main focus lies on performance reviews and their effect on employee engagement, benefits and compensation. Let us have a look at some of the emerging HR trends of 2017.

PARTNERSHIP WITHIN BUSINESS

HR specialists are working hard to change administrative roles to strategic ones in order to move away from monotonous routine work. HR specialists hold important value in the business as true partners who are willing to grow and expand the business. However, the role of HR business partner has gained popularity in the past few years and hence, requires more focus. It is expected that in 2017, more HR roles will be seen in executive positions to be able to add strategic value to the business.

EMPLOYEE ENGAGEMENT

Firstly, you must have qualified and capable leaders to inspire their teams towards success. One of the best ways to keep employees motivated towards the ultimate goal of the organization is to keep the employees engaged. Skilled employees are an asset to the business and in order to retain them, organizations need to create goals that are mutual in interest. The key is to keep employees and their needs first. Therefore, the management needs to give priority to employee engagement and culture in 2017 business objectives.

DATA REQUIREMENTS

The concept of “big data” has become challenging for most businesses as it requires enhanced skills to collect, process and then analyze the information. One of the most critical tasks for a business is to analyze the data. Therefore, there is a need for advanced HR systems and processes. Businesses are required to learn to analyze big data as well as to manage the on-going challenges along with it. Data driven insights allow businesses to gain competitive advantage in the market as well as improve HR functions.

FOCUS ON WELL-BEING

HR is no more bound to take care of only the employee engagement, compensation and benefit, motivation and retention issues. It is now a trend to focus on the well-being of your employees. This includes the well-being of employee’s mental, emotional and physical health within the organization. Companies are offering healthcare services and counseling services to their employees for ensuring their well-being.

FLEXIBLE WORKFORCE

With advanced technology and increased globalization, employees demand flexibility in work timings as well as in work spaces. Remote working has become a trend nowadays where roles and teams have become remote. Businesses are using this trend to their advantage by managing it effectively. Virtual work gives the benefit of flexible working hours and working space. Employees are able to work from anywhere other than the office and this gives them the advantage of staying at home or going to a vacation but still working remotely. This enables the employees to manage their professional and personal lives simultaneously.

Therefore, by identifying the emerging trends in HR, understanding compliance issues within the trends, studying the impact of advanced technology and systems on HR processes and procedures and learning about new ways of doing work, businesses are preparing to succeed in the year 2017. HR technology is growing at a rapid pace due to which it is challenging for organizations to keep up with new and emerging trends. However, technology has enabled increased HR support and interaction towards their employees. Use of mobile apps and cloud in the HR industry has been the latest trend. Continuous learning processes allow companies to cope up with challenges and be a part of the trend. The approach to management has been changed from Talent Management to People Management. Instead of managing people in groups, now HR is able to manage staff at an individual level.
SAT and SAFE refine the interim and post administration mechanism by establishing information sharing system

In brief

The Memorandum on promoting the information sharing mechanism and implementation of joint supervision (“the Memorandum”) was signed by the State Administration of Taxation (SAT) and State Administration of Foreign Exchange (SAFE) on 14th November, 2016, in Beijing. According to the Memorandum, SAT and SAFE will monitor and assess the export tax refund, cross-border tax source and forex collection and remittance in order to achieve the purpose of information exchange, cross supervision and outcome sharing between two sides.

Detailed information regarding method of information sharing, frequency of information exchange and how the two platforms of SAT and SAFE interface with each other under the principle of the Memorandum needs to be further clarified. Meanwhile, it is anticipated that the process of tax matters relating to forex would be simplified.

We will briefly introduce how the information sharing mechanisms of SAT and SAFE would push for a more strict supervision, analyse the impact of information sharing on tax payers, look forward to the relevant implementation rules and share our observations and views.

In detail

Background

With the accelerating process of economic globalisation and substantial growth on quantity and size of enterprises’ forex related tax matters in China, the cross-border tax issue has become a hot topic of the Chinese tax authority and the international community. To strengthen information sharing between two sides and to improve the interim and post administration mechanism as well as to implement the joint incentive and punishment on taxpayers, SAT and SAFE concluded the Memorandum on promoting the information sharing mechanism and implementation of joint supervision on 14th November 2016 in Beijing.

According to the limited information disclosed on public channel, SAT and SAFE will focus on monitoring and assessing those aspects in respect of export tax refund, cross-border tax source and forex collection and remittance to achieve the purpose of information exchange, cross supervision and outcome sharing between two sides.

Information sharing supports supervision

Before concluding the Memorandum, information of taxation and forex had been broadly exchanged to ensure the national tax collection work to be carried out in an orderly manner. On one hand, the forex information is the pre-condition to do the relevant tax treatment. For example, export tax refund mechanism requires information sharing of forex collection and export tax refund, while the foreign system of trade in goods was reformed, obtaining forex verification sheet from SAFE was necessary to apply for export tax refund.

On the other hand, SAFE (or banks) may not proceed to cross-border business until enterprises clear the tax payable with the in-charged tax bureaus. For example, pursuant to SAT and SAFE Public Notice [2015] No.40 which stipulates that domestic institutions and individuals who remit forex payments more than equivalent of USD 50,000 must perform recording-filing to the in-charged local state tax bureaus for endorsement and obtain the Record Filing Form for Cross-Border Remittance Regarding Services and Trading.

Although SAT and SAFE have established some platforms for information exchange, they have not built up a systemic information sharing mechanism due to some reasons. However, the conclusion of the Memorandum filled this gap and prompted the two sides to exchange information in a systematic and normalised manner.

Via the information exchange platform between two sides, SAT and SAFE are able to share tax collection and forex information.

remittance to achieve the purpose of information exchange, cross supervision and outcome sharing between two sides.

The takeaway

The conclusion of the Memorandum will significantly enhance information transparency of taxpayers. With the increasing extensive information of cross-border business obtained by the tax authority, the tax authority will strengthen the supervision on tax related matters. In this regard, the enterprises will be subject to more strict supervision and also face more challenges to be in compliance from tax perspective.

We have witnessed that the in-charged tax authority collected data of cross-border payments from SAFE reporting system, and more specifically, it included the exact the payment date, payment amount, recipient and even the transaction notes. Based on such information, the tax authority was able to raise their inquiries and investigate each payment in respect of whether the taxes have been paid appropriately.

In addition, tax bureaus were able to monitor the area where they lacked such capability before. For instance, it may be possible in future for tax bureaus to identify and handle the tax issues in an efficient manner with respect of round-trip investments through special purpose vehicles by collecting forex registration information.

Pursuant to the principle of Memorandum, the detailed implementation rules regarding the methods of information sharing, frequency of information exchange and how the two platforms of SAT and SAFE interface with each other remains to be further clarified. Meanwhile, in context of open and direct way of information sharing, whether the process of tax matters relating to forex (e.g. record-filing for cross-border payments) could be simplified or not is yet to be decided.

Endnote

1. Sourced from SAT website: http://www.chinatax.gov.cn/n810219/n810729/n811746/n235306/content.html
2. For details, please refer to The Public Notice Jointly Issued by the SAT and SAFE Clarifying Certain Issues on Tax Record-filing in Remitting Outward Payment for Service ( Public Notice [2015]No. 40 )
3. For details, please refers to Notice Issued by the SAFE Simplifying Certain Matters Related to the Foreign Exchange Administration on Outbound Financing, Outbound Investment and Round-tripping Investment by Chinese Residents through Special Purpose Vehicles ( HuFa[2014]No. 37 )
Revolution of Smartwatches
An Unsuccessful Attempt or A Smartphone ‘Killer’?

By Max Rogers

The appearance of smartwatches on the market of electronic devices looks like a real revolution. In a comparatively short period of time, these devices became pretty popular: from less than a million items shipped per year this market has grown to about 50 million sales in 2016. According to the Business Insider forecast, the trend will go on, hitting the 70 million mark in 2021.

While the number of sales is on the rise, the companies developing new devices invest billions into their research and development. Why do they do it? Are the smartwatches just another unsuccessful product which is being advertised hard or is it a real ‘killer’ for the smartphones market?

The first smartwatches
Can you guess the year when the first Smartwatch was launched? Majority of people would probably say that it happened in 2015 or in 2014. Maybe someone would suggest that it was released in 2012 or so. But all of these people would be wrong. The first smartwatch is considered to be the product of Samsung, named SPH-WP10. It was equipped with a monochrome LCD display, radio speaker, microphone and antenna.

The next year IBM released its smartwatch model based on the Linux OS. It had even more promising specifications, which included an accelerometer, 12 MB of memory, the vibrating mechanism and a touch-sensitive monochrome display. It was about 16 years ago.

The Apple phenomenon
No need to say that the modern smartwatches, like Apple Watch, have much bigger storage (8Gb and more). They are also equipped with different fitness options, like the heart rate sensor or the steps counter. We know about them but we did hear nothing about, let’s say, Sony Ericsson LiveView that was launched in 2010.

This fact shows that it was not the invention of such kind of a device, like the wearable gadget with the smartphone’s functions inside which made this revolution. We had these watches even before tablets became so popular. The ‘revolution’ itself happened when Apple released its product and when the attention of the broad audience was focused on the wearable and stylish PC on our wrist.

The ‘revolution’ itself happened when Apple released its product.

Another interesting fact confirms this suggestion. The well known Apple Watch was released in the beginning of 2015. About 34 million devices were sold in the first year after its release. The worse known Samsung Galaxy Gear was presented in September 2013. Two months later Reuters, mentioning the sources in Samsung, claimed that about 800,000 items of new Gears had been sold. Even if this information is true, it means that no more than 4.5 million watches by Samsung could have been sold in the first year of sales. The difference is dramatic, isn’t it?

Other smartwatches manufacturers
Apple and Samsung are not the only participants of the smartwatch market struggle. In 2014 LG released its G Watch. The device is based on Android Wear, a platform developed for working with smartwatches. It has got a Qualcomm Snapdragon 400 chip, a quad-core (with 1.2 GHZ frequency), 512 Mb of the memory and 4 Gb of storage. The device supported Google Play and Google Now. It was also equipped with a water- and dust-resistant body.

In the same 2014, Motorola released its smartwatch named 360. It used TI OMAP 3 chip, had 512 Mb of memory, 4 Gb storage capacity and an LCD 320x290 pixels display.

Several companies, including Microsoft, Acer, Toshiba, Sony, BlackBerry and so on were also developing and releasing some wearable ‘smart’ devices in recent years. Even some small companies, funded with Kickstarter campaign, like Pebble, appeared on the horizon. By the way, the last one managed to sell about 1,000,000 watches in 2014.

Will smartwatches replace the smartphones?
When the wearable smart devices market boomed in 2015, many people forecasted that smartwatches would replace smartphones in the next 5 to 10 years. This was reasoned with the functionality of the watches, their simplicity and compactness. However, this suggestion seems not so real.

Smartwatches will be additive to smartphones. The synchronization of Apple Watch with Apple iPhone 6 is the best example for this. These devices have different spheres of usage. Besides, smartwatches have their own issues that are to be solved by the suppliers. The short battery life is one of them.

It is obvious that the tiny screens of smartwatches won’t be able to replace the display of a mobile phone and the same principle can’t work with tablets. That’s why brands like Apple and Samsung may not be worried about the decreasing demand.

What should we expect from the smartwatch market in 10-20 years?
On the other hand, we can’t predict what smartwatches will look like in 10 years. The same thing could be said about these devices in 20 years. That’s why it is impossible to make such kind of forecasting for such a dynamic market.

It can be claimed for sure that the market of wearable smart devices itself will continue to grow, presenting us with some new features and functions and hitting new records in the volume of sales. The only way is to wait and watch.
Entrepreneurship accelerator program and its advantages

Over the past few years China has seen the rise of entrepreneurship. Many ambitious students and young entrepreneurs have been taking the risk of starting their own companies and developing their ideas. These startups have boosted the creativity and innovation within the Chinese economy and have pushed companies to improve their products and their sustainability. Nonetheless, more than 87 percent of these newly established companies have failed, so how to reduce this failure? How can the entrepreneurs be helped to improve, grow bigger and build a well-structured company that will survive for the years to come?

To answer these questions, I will share with you a conversation I had with Eric, an old friend of mine who wanted to help entrepreneurs build their business and yet didn’t know which channel to guide them through.

Eric is a well-connected business man and an MBA professor at one of the top reputed universities in Tianjin. About a week ago we met for coffee and during our discussion he looked at me and said: “Marwan, many of my students have amazing business ideas that they care to turn into a profitable business, some of them have already opened their own companies, yet lack proper guidance, connection and capital to move forward with their business”, he kept silent for few minutes then continued: “I am seriously considering putting them in contact with the incubators that I know …or do you think it is better to help them join an accelerator program?”

It was a sunny day, I asked Eric to finish his coffee and take a walk with me in the park. While walking I told Eric: “There are a lot of similarities yet many important elements that differentiate a business accelerator with a business incubator, before I share any of these things, let me remind you of what you already know.”

Here I reminded Eric of the current situation in China, where the Chinese government as well as many private and public institutions established incubators to support entrepreneurs and encourage young talented people to open their companies.

I told Eric: “The number of incubators has doubled over the past 5 years, with more than 80,000 incubated companies in their facilities as of this year. However, despite this rapid growth many incubators faced massive failure, primarily because of weak internal structure and management performance.”

I proceeded “Unfortunately, most incubators in China rely primarily on renting their facilities and pay less attention to important criteria, like attracting talented people, developing their ideas and helping them get funded.”

At the end of my conversation, Eric shook his head and said: “Yes! You are right, but I know some incubators do provide technical and management know-how, is it the same for accelerator?”

I replied: “As for similarities, both incubators and accelerators help firms grow by providing guidance and mentorship, but in slightly different ways and more importantly at different stages in the life of the business. To explain this process in a simpler way, let’s draw an analogy and say that the life of a business is like the life of a human being. There are roughly three major stages of life: childhood, adolescence and adulthood.

However, while learning to stand on its own is a great entrepreneurial achievement, the walk through adolescence is often difficult and filled with challenges and the need for guidance is far from over. As any parent knows, guiding a teenager through adolescence is perhaps the most trying period in that person’s life, as the adolescent gains a sense of self and identity. One major challenge facing most companies who operate on the verge between childhood and adolescence is that sooner or later, they get stuck in the trenches of day-to-day operations and more often fail to incorporate long-term strategic planning in the development of the business. In such a scenario and during this phase, the company may lose track of its unique identity.”

I moved forward with my conversation. “Eric, it is at this critical point in the business life cycle that most incubator programs end, as the firm is technically ready to spread its wings. Nonetheless, the journey towards sustained growth is not nearly finished. Often it becomes necessary to receive advice and guidance from a business accelerator. By means of acceleration services, usually in the form of “acceleration programs”, business accelerators help companies get through adolescence and prepare them for entering adulthood, providing them with strong arms and legs, sound values and a clear mindset.
for future. In other words, while incubators help companies stand and walk, accelerators teach companies to run.”

Eric stopped me and said: “okay but what is the process of accelerator?” I explained to him saying: “You know incubator programs last for varying durations and include several forms of mentorship and support and nurture the business for the time it takes for it to get on its feet, sometimes for many years. On the other hand, a business acceleration program usually lasts between 3-6 months. The emphasis of business accelerator is on rapid growth, to help companies become better and stronger in a shorter period of time, which will in turn attract strong investors and increase the chance of positive return on investment. Moreover, the accelerator program provides an enormous network effect by connecting you and your students with the right people and by building an innovative community.”

Before I reached my conclusion on this topic I said: “A successful accelerator program should have the proper outline, proper connection to investors and most importantly proper mentors. Mentors that have years of experience under their belt and mentors who are entrepreneurs are best-suited for this task. The accelerator program is a new concept especially in China, therefore you need to identify the proper program to work with” I gave him the example of Y Combinator, the top accelerator program in the US. I even told him how they work, what are their mentors and how they were able to turn a small company into a multinational business just like Dropbox, and Airbnb”

In conclusion, I told Eric that the choice of incubator and accelerator depends on the business his students are aiming to establish as well as the stage they are into. Personally I consider it is always a good idea to establish a company within an incubator yet in parallel to take part in an accelerator program.
Official Opening Ceremony @ Tianjin International Trade Centre Mall

The official opening ceremony of Tianjin International Trade Centre Mall (ITC Mall) was held in the morning of December 10th, 2016, witnessed by leaders of CapitaLand's retailers, partners and shoppers. Apart from great sales promotions and special gifts, the mall held a spectacular gala show.

Located in the Xiaobailou area of Tianjin's core business district, ITC Mall is surrounded by retail and office buildings, close to one of the city's most important tourist attractions - the Five Avenues, and with direct access to subway line 1. ITC Mall has become a haven for fashion-conscious, savvy shoppers due to its exciting array of trendy dining concepts and international fashion brands.

In order to provide a quality shopping experience in modern cosmopolitan setting, ITC Mall has created a great variety of dining options, including outlets like Mother's Taste, Jingge Laozao Hot Pot, Chuan Fu Lao Ma Restaurant, Yu Ku, Nanjing Impression, and Shotamuni Restaurant, which has filled the area's gap of food and beverage offerings. The mall also houses a rich combination of popular international fashion brands like Levi’s, Miss Sixty, Evisu, Adidas Originals, GUESS and Charles & Keith. Other key tenants such as Etude House, Chocolat, 7.Modifier, Vero Moda, Me & City, Mighty Source, ACACIA, Under Armour, and LensCrafters have proven to be a huge draw for both white-collar and family shoppers.

Chin Phei Chen, Regional General Manager, North China of CapitaLand China, said: “As an important part of CapitaLand's strategy in North China, ITC Mall will improve the retail offerings of Xiaobailou area, as well as stimulate regional economic development.”

Past Events

20.11.2016
The European Chamber Tianjin Chapter 2016 Badminton Tournament

The European Chamber held the 2016 Badminton Tournament in Tianjin on 20th November 2016. The first ever badminton tournament turned out to be a great success with 8 teams and over 100 participants joining this one-day event. Big congratulations to Airbus team for standing out through the intense competition and having won the championship of the tournament. Also, we would like to extend our special thanks to our generous Title Sponsor “北大国家发展研究院MBA” and our Venue Sponsor "International School of Tianjin".

25.11.2016
2016 Annual Tax and Regulatory Review

Tax and regulatory reviews are often held on a yearly basis and this year the seminar covers hot topics that marked 2016. Professional experts from PwC were invited to present and share their latest observations. People from finance had the opportunity to share their experiences and exchange views. In addition, together with PwC experts, participants discussed the complex tax structure along with customs and legal issues which were encountered by enterprises during the operation.

02.12.2016
European Chamber 2nd Education Roundtable: Education Tour + Roundtable

The European Chamber Tianjin Chapter hosted an exclusive education tour and roundtable on 2nd December, 2016, including visits to Tianjin Hahe Education Park and Tianjin Sino-German University of Applied Sciences and followed it by the roundtable conference to exchange opinions about strengths and weaknesses of the "Tianjin Vocational education system". The motivation and mission of the Education Forum of European Chamber Tianjin Chapter was to find out how local education could meet industry needs on a neutral platform. Representatives from member companies of European Chamber and university/vocational college partners attended this event.

08.12.2016
2016 Year-End Inter-Chamber Business Match-making

European Chamber Tianjin Chapter together with German Chamber Tianjin Chapter hosted the last Business Match-making event of 2016 on 8th of December. Following the match-making rules, participants conducted intensive conversations with each other while enjoying the delicious food and beer. In the coming year of 2017, we will continue to host popular match-making events and benefit more of our members and friends. Meet People, Make Connections!
AmCham China, Tianjin held its 2016 Annual General Meeting on December 1st to review the year gone by, introduce plan for 2017 and announce the 2017 & 2018 Executive Committee Members. In addition, Martin Winchell, Chairman of the Executive Committee, expressed warm greetings to all members and presented Tianjin Chapter 2016 Awards to the following companies and individuals.

**AMCHAM TIANJIN**

**MEMBER COMPANY ACHIEVEMENT AWARDS**
- PPG Coatings
- JPMorgan Chase Bank
- Procter & Gamble
- Hyatt Tianjin
- OTIS Elevator
- Motorola Tianjin

**THE LEGEND**
Douglas Red and Jon Reed

The Appreciation Reception began with opening remarks by Martin Winchell, followed by presentations from Roberta Lipson, CEO of United Family Healthcare and Alan Beebe, President of AmCham China, to express congratulations to AmCham Tianjin’s 20th birthday and Tianjin United Family Hospital’s 5th Anniversary.

We would like to thank all the sponsors of this event. It would not have been possible without their support.

**Upcoming Events:**
**AmCham Government Affairs Certification Program: Business Advocacy and Policy Research for Results**
- Date: January 19th
- Time: 8:45 am - 5:30 pm
- Venue: Tangla Hotel Tianjin

**Monthly Executive Breakfast Briefing – 2017 Business Climate Survey Release**
- Date: January 20th
- Time: 7:15am - 9:30am
- Venue: The Astor Hotel, A Luxury Collection Hotel, Tianjin

**SPONSORSHIP AWARDS 2016**
Tianjin United Family Hospital & Boeing Tianjin Composites Co., Ltd.

**COMMITTEE AWARD 2016**
Environmental and Sustainability Committee

On Sunday, December 4, the Sino-German community gathered at The Ritz-Carlton Tianjin to celebrate the upcoming Advent season with the traditional German Chamber Christmas Market. More than 100 visitors came to enjoy a day full of joy in festive ambience along with a buffet, including traditional Christmas dishes, delicacies and mulled wine. The colorful kids area and beautifully decorated Christmas selling booths made the event attractive for both young and grown-up visitors. Santa Claus also showed up, giving sweets and fruits to the children. Finally, all guests had the opportunity to win one of numerous prizes at the lucky draw.

**01.12.2016**
AmCham China, Tianjin celebrates at the Annual General Meeting and 2016 Appreciation Reception

**04.12.2016**
Special Event - German Christmas Market

**24.11.2016**
Seminar – Aktuelle Rechtsprechung im chinesischen Arbeitsrecht – Eine Big Data Analyse
Dr. Florian Kessler, Attorney-At-Law at Wülfing Zeuner Rechel law firm and head of the Beijing office of WZR, held a seminar on the topic “Current Jurisdiction in Chinese Labour Law” in the German Chamber office in Tianjin. More than ten participants attended the event and got a deep insight into Chinese labour law on the basis of case studies from Tianjin. Dr. Kessler’s presentation included topics like success rates and typical obstacles when it comes to employee termination, as well as consequences after illegal termination and important company-internal labour law procedures. After a very comprehensive presentation, participants of the seminar had the chance to ask questions and discuss ongoing law related issues.

**15.12.2016**
Special Event – Charity Christmas Bazaar
To spice up the annual traditional holiday the German Chamber organized a Christmas Charity Bazaar at WE Brewery on Thursday, December 15. In a rather casual and relaxing atmosphere visitors could enjoy homemade mulled wine and craft beer, while buying Christmas decoration, handmade bags and more for a good cause. Proceeds and entrance fee of the event were fully donated to Jian Hua Autistic Foundation.

**Upcoming Events:**
**Special Event – German Movie Night: Colonia**
- Date: January 6th
- Time: 18:30 – 22:00
- Venue: Tangla Hotel Tianjin

**Biz Socializer**
- Date: January 11th
- Time: 18:30 – 22:00
- Venue: Tangla Hotel Tianjin

**Healthcare Breakfast Seminar**
- Date: January 18th
- Time: 7:30 – 9:00
- Venue: The Astor Hotel, A Luxury Collection Hotel, Tianjin

**Kammerstammtisch Tianjin**
- Date: January 25th
- Time: 19:00 – 22:00
- Venue: Drei Kronen 1308 Brauhaus Tianjin
Banzai Yumen Food
A: #7 City F Street - 83, Nankai District, Tianjin
T: +86 22 87972722
E: 83

Riverside Chinese Restaurant
A: #209 Wangdu Road, Da Zhi Gu, Hedong District
T: +86 22 2662 6688
E: 102

Bowwow Sushi Japanese Restaurant
A: Xianming Area, Intersection of Hebei Road and Luoyang Road, Wu Da Dao, Hedong District, Tianjin
T: +86 22 58382860
E: 90

Thai
YY Beer House
B: (blind international building)
A: No. 3, Aomen Lu, Hedong District
T: +86 22 2393 9634
E: 210C

Always Thai Restaurant
A: Tian Xi 2223, 133 Ai ChengPing Plaza, Nankai District, Tianjin
T: +86 22 2321 7999
E: 120

Western
Promenade Restaurant
Featuring gorgeous views of the Hai river. Promenade provides the exclusive dining experience with South Asia flavors, Indian gourmet, Chinese and Western traditional cuisine.
A: 1F, The St. Regis Tianjin, No. 168, Zhang Zizhong Road, Hedong District, Tianjin
T: +86 22 5830 9959
E: 06:00 - 22:00

3RIVIERA
Riviera Restaurant
Brings the casually elegant refined dining experience to Tianjin featuring modern Mediterranean and French dishes paired with selections from anlibudlot of international wines.
A: 1F, The St. Regis Tianjin, No. 168, Zhang Zizhong Road, Hedong District, Tianjin
T: +86 22 5830 9962
E: 11:30 - 14:30, 17:00 - 22:00

Seasonal Tastes
A: 151 Nanjing Road, Hedong District, Tianjin
T: +86 22 2398 0168
E: 103

Italian Style Town, Hebei District
A: No. 147, Zhang Zizhong Road, Tianjin
T: +86 22 2323 0033
E: 11:30 - 14:00, 17:00 - 22:00

Bistro Thonet
A: No. 50, Huangping Road, Hedong District, Tianjin
T: +86 22 2362 6888
E: 09:00 - 01:30

ZEST
A: 1F, The Ritz Carlton Tianjin, No. 167 Dagu Road, Hedong District, Tianjin
T: +86 22 5809 5109
E: 12:00 - 22:30

Brasserie Fio Tianjin
A: No. 37, Guangfu Road, Italian Style Town, Hedong District, Tianjin
T: +86 22 2622 6688
E: 120

Element Fresh Restaurant
A: 1F, Joy City, Nanmen Wai Jiale, DaZhi Gu, Hedong District
T: +86 22 8735 3372
E: 120

Language Recommendations / Tianjin

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Wellington College International School

A: No.1, Yide Da Dao, Hongqiao District
T: +86 22 8785 7108 ext. 8001
E: 187 2474 7383
W: admissions@wellington-tianjin.cn

Tianjin International School

A: No.4-1, Bashui Da Dao, Hedong District, Tianjin
T: +86 22 8371 0000 ext. 311
E: 18

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A: Tianjin No.1 International School
T: +86 22 8727 5020
E: 08:00 - 17:00

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E: 18
By Nadia N.

Chinese New Year or Spring Festival means a lot regardless of awareness of traditions it implies. For most local people, it is one of the few opportunities to get together with their families and get away from the tiring job in metropolitan cities. For expats, it is mostly a great occasion to travel or visit family as there is no point in sitting around while a lot of shops, restaurants and good share of bars are closed.

The first Golden Week of the year for anybody in China is always linked with family and close friends even if it’s not preconditioned by tradition. Yet, Chinese New Year more than any other festival in China is wrapped in customs, traditions and folk-beliefs. Chinese are well-known for their traditions taking root in ancient times, religion and superstitions. Therefore celebrating Chinese New Year can be an interesting experience for those who reside in China for the holiday.

Red Envelopes

Similar to western New Year, Spring Festival is a time for exchanging gifts and wishing everyone happiness. However, knowing what gifts Chinese people expect to receive can be unexpected. Firstly and undoubtedly the most famous is giving red envelopes. Giving money for celebrations is a tradition that has been adopted in many countries. A little money instead of standard gift from a gift shop can fit better among close friends and family. However, in China there are special canons usually met by people such as lucky money in lucky amounts.

Firstly, avoid giving anyone an amount that includes 4 (assonant of "death") – for example, 444RMB! Secondly, even number amounts are preferable. They bring luck and wealth to the receiver. Moreover, it is important to remember that opening red envelope in front of the donor is against Chinese etiquette. Even if giving red envelopes is one of the most common traditions and everyone loves it, you should give your blessing and say thanks, leaving checking the received amount for later.

Exchanging gifts

As for gifts, it can easily accompany red envelopes or can be given separately. However, as every thing that happens during first hours of Chinese New Year can be taken as a predictive sign, it is good to know what objects are considered lucky and which can absolutely terrify the receiver.

Liquor, cigarettes, tea, fruit or even healthcare products are more than welcome, while clocks, umbrellas, shoes, pears, sharp objects and chrysanthemums can mortarf Chinese people on this significant occasion.

No-no’s

It is widely known that children can top up their money supplies significantly - there is no Chinese kid who isn’t looking forward to New Year family reunion. Nowadays, it is said that children in big cities can receive up to 20,000RMB wrapped in fancy red envelopes. And there is a perfectly good (relatively good) reason for that - crying is a big ‘no-no’ during New Year celebration. This act can not only annoy guests and family members, but also bring bad luck to the entire family. So pleasing kids financially is one of the ways for Chinese family to put a smile on their faces.

Modern activities

While Chinese enjoy mentioning their long history and rich traditional heritage of their country, time flies rigorously leaving behind a good number of old customs. Nowadays, modern Chinese from cosmopolitan cities like Beijing, Shanghai, Tianjin and so on prefer to exchange red envelopes and eat dumplings not in foggy Chinese cities, but on the beaches or in hotel suites in other countries. Traveling during this once family-oriented festival is gaining popularity by the hour, providing airlines with wonderful possibilities to benefit.

Still, during conversation at the dinner table it might be a good idea to avoid words like "death", "killing", "sick" and so on (while discussing news for instance) as it is thought to be a bad sign and attracts misfortune. It is curious that in some areas even taking medicine during this magic night is not acceptable - you need to appear happy and wealthy when another Zodiac sign (Rooster in 2017) is coming into his rights!

For the massive flow of people that try to book away all the attractive destinations, it can be quite a challenge to escape China during Spring Festival. Airline companies are not the only ones whose business blossoms during Spring Festival. “Renting boyfriend/girlfriend” services have caught on in China in past couple of years as a young man or woman showing up without a significant other at the door of their parent’s house is a rather sad picture for many Chinese parents. So, holding a rented hand and giving parents sweet hope for the future is a new tradition that has spread in big cities and has become somewhat of a shield for Chinese singles to combat marriage pressure.
This novel by Lijia Zhang is her first following her caustic memoir Socialism Is Great! and it is about growing up in China during the 1980s.

It follows Lotus, a ji (prostitute) working in one of Shenzhen’s massage parlors. With intelligence and determination, Lotus has ambitions of making more of her existence, though life and misfortune plant endless obstacles, while her slow-burning relation with the educated freelance photographer Hu Bingbing might change her life — in several ways. Zhang takes the reader through the seedy backstreets and glutinous self-celebratory hotel dining rooms, the shining forbidding skyscrapers and window frames. When we came back, the walls were good but the window frames were half done and their undersides appeared completely neglected. We’d paid beforehand, of course. So I suggested to my wife that we call and ask them to finish the job, to which she said they would refuse. I insisted, she called and she turned out to be right. The job was cha bu duo, “good enough”; they insisted.

Nonetheless, Lotus has heart. We root for the main character and we empathize with her. We feel her pain and her yearning. This is no little achievement, and Zhang is to be commended for that. But it also makes us hope for more from her in future.

Quotes of the Month

If you have a dream, don’t just sit there. Gather courage to believe that you can succeed and leave no stone unturned to make it a reality.

~ Roopleen

I can’t give you a sure-fire formula for success, but I can give you a formula for failure: try to please everybody all the time.

~ Herbert Bayard Swope

Sloth, like rust, consumes faster than labor wears.

~ Benjamin Franklin

My wife and I took a trip to the UK sometime back and hired a local handyman to do a bit of decorating in our apartment while we were away. We were renting, so this was purely improvisation to keep things going in an economy that was once lacking in most essentials. It’s also a “casual dismissal of problems”, where you are supposed to accept what’s procured for you. If you have an intermittently-working fridge when your neighbor doesn’t have one, what are you complaining about? But this indifference is also, as Palmer notes, endemic in industry where health and safety forethought is minimal. We’ve all been dumbstruck at bamboo-scaffolding, f…-you-buddy driving and aghast at gutter oil and fake foods.

But modern life demands precision.

A recent article by British writer James Palmer named “Chabuduo! Close enough...” jogged my memory of these and countless incidents of the similar nature. After listing his own examples, Palmer analyzes why cha bu duo culture is endemic in China. Improvisation was essential to keep things going in an economy that was once lacking in most essentials. It’s also a “casual dismissal of problems”, where you are supposed to accept what’s procured for you. If you have an intermittently-working fridge when your neighbor doesn’t have one, what are you complaining about? But this indifference is also, as Palmer notes, endemic in industry where health and safety forethought is minimal. We’ve all been dumbstruck at bamboo-scaffolding, f…-you-buddy driving and aghast at gutter oil and fake foods. Cha bu duo. But modern life demands precision just as the trains that first brought standardized national times and factories that brought segmentation, timing everyone to the minute.

By Mike Cormack
But this modernity, Palmer says, did not come to China. He gives a number of reasons why: modern “industrial feedback loops are severed” because workers often make products they cannot afford to use. Companies avoid blame wherever possible, with the complicity of local governments who need to maintain employment. Regulators and judiciary lack independence and trade associations are similarly toothless.

All of this might well be true but there is, I think, a basic economic-philosophical principle that explains the prevalence of cha bu duo. In an open market, as Adam Smith noted in The Wealth Of Nations, the butcher provides good products not for your benefit but for his. This gets him repeat business and more money. This is “the invisible hand” of the market operating for the benefit of all. But this can break down in China owing to the gargantuan population and the opacity and untrustworthiness of information. In the classic situation that Adam Smith posits, the butcher operates locally with a reputation that he has to protect. Customers know him and can assess his merit as a butcher.

There are a number of business areas where local knowledge breaks down and cannot generate a reputation for a vendor. The black market will always be murky: businesses operate underground, customers often do not talk about them and the desire for a good deal overcomes the risk of poor service. Shops, bars and restaurants in tourist areas similarly are notorious precisely because their base prevents a reputation from building, whether for good or bad. While the actual tourist location is dependent on being known as a good place to visit, places nearby can get fat off it by ripping off customers. We’ve all been there.

How can this be overcome? Some websites enable people to review businesses so you can see what it’s like. But even here information can be hard to trust. Is that glowing five-star review actually by the business owner? Who can tell? The only thing that can improve certainty is trustworthy knowledge. But at the moment this is still only cha bu duo.
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