Cover Story

The New Horsepower
China’s Race to Smart Cities
Value Creation Approach in Smart Manufacturing

Features

Chinese New Year: Mastering China’s Most Important Sales Festival
Dispute Resolution in China: Developments Impacting Foreign Business

China Industry Report: Increasing Awareness and Growing Demands for Health Food Drive Food Imports
Taicang, the German Town in China

Main Industry:
- High-end Equipment Manufacturing
- Automobile
- Bio-Tech (Food) Industry

Service we can provide:
- Standard Workshop (1,000m², 3,000m²)
- Greensfield (incl. build to suit)
- Considerate government service

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- To Pudong Airport 60km / 60mins
- To High Speed Tramstation 12km / 15mins
- Shanghai 21mins
- Hangzhou 30mins
- To Suzhou Port 6km / 10mins
- To Shanghai Yangshan Port 50km / 80mins
- To Ningbo Port 10km / 10mins
- To highway East 6km (Q60) / 10mins

Contact:
Liu Zheng (刘征) - Chinese / German / English
Tel: 0086 1382 6853 3022
Tel: 0586 6573 85020128
Email: lia_zheng@taicang.gov.cn

Total German Projects in Taicang
- 1993: 1
- 2002: 100
- 2007: 286
- 2017: 309
- 2018: 400
- 2019: Waiting for you!

Taicang Investment Promotion Bureau
Address: No 99 East Xiantu Street, Taicang City, Jiangsu Province.
Postal code: 215400
Telephone: +86-512-53285088
E-mail: zsj@taicang.gov.cn
Web: invest.taicang.gov.cn
Building Towards a Smarter World in China

The invention of the telephone aroused mistrust in the 18th century; in 1995, Bill Gates predicted the internet may only be a hype. However, today we know these predictions have not come to fruition. Future concepts and innovations have often been subject to the connotation of "mission impossible". But, if digitalization is seen as a threat, opportunities may remain undiscovered. It is ideas and technology that are changing the future and contribute to new, high-scale growth. Today, nine of the world's most valuable high-tech companies originate from China, eleven are from the United States, but (unfortunately) not even one is European. Entire industries are being put to the test of digitalization and many are already undergoing transformation.

Smart technology might soon embrace everyone's life: From autonomous driving in electric vehicles over to smart homes, smart working places, and smart cities. Industrie 4.0 will create the jobs of tomorrow, new alliances will push forward connectivity. Smart ports and smart manufacturing might become more efficient, faster and cost effective. In order to enhance city residents' quality of life, digital savvy, smart metropolises are creating networks to integrate the areas of energy, mobility, urbanization, administration and communication.

The key to all this is a virtually unlimited raw material: Data. Data offers a myriad of opportunities to provide intelligent solutions for any problems. Whether in autonomous mobility, healthcare, energy supply or trade: Artificial Intelligence (AI) can help transforming traditional industry to next level. And data is critical to AI; it's at the heart of it, and it could simply be used to help understand the world better, offer customized solutions, and answers on the questions of tomorrow.

In this issue of the German Chamber Ticker, we will offer insights on how consumer behavior might disrupt the automotive industry and take a closer look at the development of 5G and how the Internet of Things (IoT) will shape China in the next few years. Furthermore, we will provide you with information on China’s desire to top the list for the smartest cities globally and much more.

We hope that you enjoy reading!

Yours Sincerely,
Jens Hildebrandt

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Main Industry

- Equipment Manufacturing Park: high-end intelligent device, automotive parts, medical device, marine engineering equipment.
- Moden Logistics Park: international logistic, bonded warehousing and processing, e-business, cross-border电子商务.

Unique Advantages

Back to Shanghai, facing to the sea, located at the Yangtze River Delta economic area, center of Hangzhou Bay Economic Zone National first class opening port, convenient transportation with complete traffic network in sea, river, road and railway. Fully equipped in industrial platform, rich land and coastline resources, supporting facilities of "nine connections & one leveling" Superior business environment, favourable policies, efficient service, competitive investment cost, "zero cost" in external expense Abundant human resources, German dual-system vocational education, talents trained according to the enterprises' needs Dushan New Town and Jialong Mountain Holiday Resort, best service offered for commercial and living activities.

Transport Network

<table>
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<tr>
<td>To Line 22 Jinhua Station</td>
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<tr>
<td>To Jiaxing South Railway Station</td>
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<tr>
<td>To Jinhua South Railway Station</td>
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Good News

Line 22 Pinghu extension with stops in DPEDZ Shanghai-Zhao-Hangzhou Railway pass through.

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<td>Hangzhou Xiaoshan</td>
<td>120km</td>
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</tr>
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</table>

Seaport

- Yangshan Port: 40 sea miles
- Zhoushan Port: 70 sea miles

Contacts

- Name: Reggie Yu (C/E)
  - Mob: 15990316932
  - Email: yj@0204@126.com
- Name: Hu Xi (C/E)
  - Mob: 13511345881
  - Email: boxixi0103@126.com
- Name: Fiona Cheng (C/E)
  - Mob: 15706705080
  - Email: fiona.chen@019@126.com
- Name: Cao Hui (C/E)
  - Mob: 18367346421
  - Email: ihu@gotch.com
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China News: A Prosperous Year for Chinese Start-ups

Cover Story: China’s Race to Smart Cities

Features:
Chinese New Year: Mastering China’s Most Important Sales Festival

China Industry Report
30 Increasing Awareness and Growing Demand for Health Food Drive Food Imports

Features
34 Legal Update: New Provisions on Injunction Relief in IP Disputes in China
38 Chinese New Year: Mastering China’s Most Important Sales Festival
40 Protecting your IP While Transferring Technology to China
44 Dispute Resolution in China: Developments Impacting Foreign Business

More than Business
46 10 CSR Trends in China 2019

Regional News
GC Deals
48 GC Deals for 2019

North China
50 Member Affairs
54 Chamber Affairs

Shanghai
66 Member Affairs
74 Chamber Affairs

South & Southwest China
82 Member Affairs
84 Chamber Affairs

92 GCC Boards
93 About Us

Industry Report:
Increasing Awareness and Growing Demand for Health Food Drive Food Imports

Chamber Affairs:
Joint Business Confidence Survey Press Conference Held in Beijing

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Spring 2019
A Prosperous Year for Chinese Start-ups

In retrospect, China’s year of the dog could rather be called “year of the unicorn”. Almost 100 start-ups valued at a minimum USD 1 billion, so-called unicorns, were created in 2018. The total 186 Chinese unicorns and top private companies of RMB 1 trillion (approximately USD 736 billion), contributing to a new wave of Chinese billionaires, which has been witnessed in 2018.

According to Hurun Report, a research firm based in Shanghai, the list of start-ups was topped by Alipay operator Ant Financial, the country’s richest – valued at RMB 1 trillion – accounted for 1/3 of the total valuation. Other high-valued unicorns include news aggregator Jior News, valued over RMB 50 billion, ride-hailing app Didi Chuxing and electric car-starter Jinri Toutiao, valued over RMB 500 billion.

The industry fence continues to be led by internet giants, such as internet service unicorns which operate in a fast-paced business environment. As production tools, Tencent, Changping and Dangdang thereby counted the most unicorns created in 2018. As 24 of the new unicorns, about a fourth of the total number, went PO in 2018, numerous stated concerns about their potential overvaluation and low trading prices.

This year’s back-and-forth valuations of two thirds of unicorns test their pre-IPO valuation, leading to an overall successful year of start-up ventures in China.

China News

Longer Weekends to Boost Local Consumption in Hebei

Long working days and often times unpaid extra hours have long been part of the Chinese working culture. Yet, local governments, such as officials in northern Hebei province, have come up with various suggestions to cut working hours, not necessarily with attention to workers’ wellbeing and productivity, but rather with a focus on economic growth and consumption.

In January 2019, the Hebei provincial government introduced their two-year plan to boost the local economy and stipulate private spending. One of the report’s most discussed suggestions was the implementation of two and a half-day weekends granted to workers in “areas where conditions allow” for such a measure. Whilst workers are invited to adopt more flexible work hours, take vacations and most notably get Friday afternoons off, shops are merely urged to extend their opening hours to boost consumption and facilitate shopping.

Having received lots of media attention, the report was also discussed by the Chinese public. Due to widely-spread customs of working overtime and search for higher wages, many workers are skeptical about the two and a half-day weekend. Although all employees in certain regions of the province are invited to Friday afternoon off, the actual pay-off may vary between civil servants and private employees, as high stress level and expected working overtime at private firms make it unlikely that the latter would benefit from such scheme.

China To Become Largest Economy in the World by 2020

Despite its recent slowdown in terms of growth rates, the Chinese market share of world GDP is nonetheless continuously increasing. According to a recent report published by Standard Chartered Bank, China is likely to become the world’s largest economy by 2020. Whilst such measurement is based on PPP exchange rates and nominal GDP, China has already overtaken the US as largest economy in terms of PPP only; Data by the IMF state point at a share of 18.72% of world GDP based on PPP held by the Chinese economy in 2018, whereas the US share accounted for only 15.17%.

In contrast to the Chinese economy’s development towards a ‘new normal’ and shrinking growth rates, economic observers predict its Asian neighbor India to become the region’s new economic driver, as Indian GDP growth is expected to accelerate from 6% to 8% in the next few years due to various joint ventures and agreements in the field of electrification and e-vehicles. In the “smart future” Chinese leaders envision for their country, traffic should not only become automated (see infographic); its electrification of all vehicles is already well along the way.

Bearing the largest share of global carbon dioxide emissions, China has at the same time become the world’s top importer of natural gas, mostly relying on imports from Australia. A dual development of high investment put into renewable energies, adding up to USD 126 billion and accounting for 45% of total investment in 2017, and generally falling costs for material supply make investment in related companies especially attractive.

Although the Chinese government has recently withdrawn subsidies for production and development of renewable energy technology to reduce state debt, potential for investment especially remains in the field of electrification and e-vehicles. In the “smart future” Chinese leaders envision for their country, traffic should not only become automated (see infographic); its electrification of all vehicles is already well along the way.

SMART CHINA

Chinese E-Commerce Market Catering to Customers in Africa

Rapidly growing within the past few years, the African e-commerce market is attracting more and more interest from Chinese investors and businesses alike. Through platforms such as the first China-Africa e-Commerce Industrial Development Forum, held in November 2018, as well various joint ventures and agreements on cross-border trade, Sino-African trade, business cooperation and digital infrastructure support increasingly gain center stage of various bilateral relations.

Beyond state policies, it is more Chinese business leaders who aim at entering the emerging African market and start initiatives for new business models, as Alibaba’s Jack Ma has proven with his USD 10 million annual price scheme introduced in last August to foster a future generation of entrepreneurs.

The African e-commerce market is expected to hit USD 29 billion by 2022 and, according to research by McKinsey, able to reach a worth of USD 75 million online revenue by 2025. Alibaba is thereby already benefiting from its four million customers in Africa, with current key markets located in the more developed regions of South Africa, Nigeria and Kenya.

Whilst Chinese technology corporations have already ridden on the wave of China’s mobile phone revolution – currently Africa’s top smartphone manufacturer is presented by Chinese hi-tech conglomerate Transsion Holdings – and Huawei and ZTE have crucially supported the set-up of mobile networks across the continent, a number of challenges remain. Key to success for foreign investors lies in the provision of tailor-made services fitting local demands, dealing with poor infrastructure and logistics issues, and overcoming language and culture barriers.

Investment Opportunities in Renewable Energy Industry

It was not the least at the 2019 World Economic Forum held this January in Davos that climate action, a pressing issue which does not leave much room to act, presented a key topic of discussion within business circles and well-beyond. Whilst countries across the globe continue to commit to standards of environmental protection and the reduction of carbon footprints, China has increasingly set the tone for joint efforts of climate change mitigation and adaptation.

Realizing the urgency of decreasing its carbon emissions and having started the “war on pollution” back in 2014, the Chinese government has heavily subsidized its renewable energy market. In the year ahead, market analysts see further opportunities for foreign investors in the related industries.

Sources: McKinsey, Deloitte, IHS Markit,govinsider.asia, technode.com

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Sources: McKinsey, Deloitte, IHS Markit, govinsider.asia, technode.com
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The New Horsepower:
How Consumer Preferences Will Disrupt the Automotive Industry

There are still many obstacles - of technical, ethical, and regulatory nature - for autonomous vehicles to be used in everyday life. The energy that is injected into autonomous driving technology proves that there is a future as the benefits seem to far outweigh the risks.

In the 90's of the last century, if you had a Nokia mobile phone in the Western world, you were someone in a corporate organization. Later on, a Blackberry device became that status symbol. Nobody could imagine how Nokia's or Blackberry's position could be challenged - until the iPhone disrupted the market in 2007. The first iPhone wasn’t lighter or offered better battery longevity or more options than a Blackberry. Instead, it offered a better connectivity, usability, and intuitive surface. It changed the way we use smart phones forever. Within a few years, Nokia and RIM, the producer of Blackberry phones, became a shadow of their former selves. This development opened the way for a set of new competitors who entered the market using new skill sets, such as Samsung, Huawei, or Xiaomi.

Today, the story might repeat itself - in the automotive industry, an industry that rarely saw successful new entrants in the last several decades. The hurdles to enter this business used to be high due to the complexity of engineering efficient combustion engine drivetrains, high necessary upfront investments in assets, and the need for an extensive dealer network. This is changing. Soon competition will not be about more horsepower, better acceleration, a more fuel-efficient engine, or a more interesting choice of options and packages. Instead, data power will become the new horsepower. Better living will replace better driving and handling. The significance of performance will be replaced by the significance of connectivity. To compete in this changed automotive world, different skill sets and experiences will be required to what is existing in the traditional automotive industry.

New automotive startups are utilizing this situation to challenge the incumbents. The gate opener for this development is the rise of the electric vehicle. The chance to succeed is bigger than ever: one of the main hurdles to enter the industry, the complexity of designing a vehicle’s combustion engine and drivetrain, has been largely reduced by the rise of the electric drivetrain. The electric vehicle industry is in full swing, kickstarted by a company called Tesla, supported by stricter emission regulations worldwide, and a push from regulators, especially in China. Several new entrants are exploiting this opportunity, most of them from China, some of them from the US, and a couple of them from Europe. Companies like BYTON or Lucid Motors are challenging the automotive giants with their electric, connected, and smart vehicles. They call their cars 'smartphones on wheels'. The vehicles' smart features are more important than their original features. The possibility to seamlessly continue your digital life from outside the car inside of it make a smart vehicle even more relevant.

Thus, the new challengers impress with large screens, like BYTON’s 48-inch coast-to-coast shared experience display, not only with large rims.

Displays are one thing, making them relevant is another one. The vehicles will support data transmission between vehicles and a cloud platform and sync passenger settings and use preferences. This will help the vehicles’ operators cater to individualized services inside the car, enhanced with artificial intelligence. Cars always have been and still are driver centric. In future smart cars, all passengers will be users that will be able to seamlessly enjoy their individual settings inside the car: their favorite temperature, seat and light setting, and their favorite digital contents.

By RAINER BECKER
Autonomous vehicles will disrupt the automotive industry to the same extent that automotive disrupted the horse cart transporta-
tion system

The next step for smart cars will be to drive themselves. Self-driving cars are still perceived controversially. This isn’t new. At the beginning of the 20th century, especially the educated middle class among the European population was skeptical of an assumed velocity inebriation from the upcoming internal combustion engine cars that they assumed would harm their health. The same technology still dominated for the rest of the century, because it was superior to the horse cart system that existed before. So will autonomous vehicle technology. At the same time, it will change our life, society, and many industries. Traf-
ic police? Spend camera? Vehicle insurance? Parking structures? All unnecessary. Most striking: the decreased need for ambulances. Au-
tonomous cars will dramatically improve safety on the road: no drunk or texting drivers, nobody falling asleep behind the steering wheel. We often push aside the fact that humans behind steering wheels are one of the biggest dangers of today’s world.

There are still many obstacles – of technical, ethical, and regulatory nature – for autonomous vehicles to be used in everyday life. The en-
ergy that is injected into autonomous driving technology proves that there is a future as the benefits seem to far outweigh the risks. Sub-
sequently, in December 2018, Waymo started a first commercial au-
tonomous ride hailing operation in Phoenix, AZ, USA. Waymo is a sub-
sidiary of Alphabet, and a sister company of Google. The skills needed for offering autonomous vehicle services rather seem to be in the data processing and internet connectivity world than on the vehicle design and manufacturing side. This is another hint that the nature of the in-
dustry players is going to change. As a result of this, the new automo-
tive challengers not only focus on electric vehicles, they also employ a large share of software and data engineers in their organizations. They aim to be digital companies, rather than mechanically driven compa-
nies.

Changes coming with autonomous vehicles go beyond technology. This development will go hand in hand with a change of consumer behavior that will reshape the way how cars are distributed.

When will you buy your last car?

"The Economist" stated it already in 2012: “The buzz, status and implicit sexuality of car ownership has been taken up, even displaced, by other products and lifestyles, and not just among the young.” Seven years later we see the strong emergence of increasingly convenient, flexible, and more affordable mobility services. There is still a lot to do, more powerful technology, more mindset change, more integration, more operational excellence. It is clear though: these services will dominate our mobility behavior soon. And the private car will be a less likely choice.

Smart devices have opened up a new world. They deliver a new dimen-
sion of transparency, communication, and consumption. Maps, timeta-
bles, pictures, service descriptions, payment services are now at the tip of our fingers. All known disadvantages of public transport, unreliable schedules displayed at the bus stop, complex tariff structures, the un-
reliability of taxi drivers on the way to us, or the need to find the right coins in the wallet – replaced by real-time information and electronic services. We now follow our bus or taxi on the way to us, and we pay both with a swipe on our mobile phone. This will become even more

On the other hand, owning vehicles has become more of a struggle. It is expensive. Think of parking cost in major cities. Driving private cars is increasingly restricted, like in Chinese Tier 1 and 2 cities, like Beijing, Tianjin, Guangzhou, or Chengdu. Western cities introduced city tolls, such as London, or they restrict traffic, such as some Italian cities. Driving by yourself is increasingly time consuming, not only when sitting in traffic jams. As long as we are driving by ourselves, we can be on the phone or listen to books, news, and music. No reading, no e-
-mailing, no texting. Ride-for-hire services, such as Uber or taxis, or public transport allow us to get our stuff done while we move.

Changing consumption habits are another strong trend. Chinese often don’t walk to Starbucks anymore. They press a button on their phone and the coffee is delivered. Our kids internalize shopping as pressing a button on their phone. While in the 1990s we walked to the CD shop to buy whole CDs because we liked one song, today we ask Siri which song it is and tell it to get it right away.

One day we will want to order mobility with the press of a button, because this is how we consume, because this is what technology enables, and because this is what saves us time, trouble, and cost. The variety of mobility offers out there that currently operate indepen-
dently of each other will be integrated into one mobility system that will always have the right service available for our current needs. The own car: too much hustle.

The race to play a role in this future mobility world has started already. Most recently China is playing an increasingly important role, e.g. with its bicycle sharing brands like Mobike. The strong, determined govern-
ment push for use of electric vehicles is putting China at the forefront of this new technology. One of the challengers, BYTON’s Chairman of the Board and Co-founder Dr. Carsten Breitfeld predicted in an inter-
view with Fortune magazine that ten years from now more than 50% of BYTON’s revenue would come from mobility services. In several years from now new players will emerge and traditional players will have to deal with their outdated business models.

An article in one of Germany’s national newspapers, Frankfurter Allge-
meine Zeitung, on 5 February 2017 about these upcoming challenges ends with an anecdote between Daimler CEO Dieter Zetsche and a Sili-
con Valley startup. On his way out from the visit, he wished them good

luck – and was met with surprise: “Good luck? You will need it if you

want to survive.”

Rainer Becker

Rainer Becker spent his career in the automotive industry. In 2009, he became member of the team that invented free floating car sharing under the brand car2go. He expanded car2go in Europe and in 2016 brought the brand to China. After one year as COO for GM’s car sharing brand Maven in Detroit, he is now Senior Director Mobility for BYTON in Shanghai. (www.byton.com). https://www.linkedin.com/in/rainbeck
Blended Reality
How the Convergence of 5G, AI and IoT Will Shape China in the Next Five Years

By SEBASTIAN MUELLER

With over 753 million users, China is home to the largest mobile internet population in the world. People are connected everywhere they go – with the internet for them largely consisting of a few access points, including Tencent’s WeChat, Alibaba’s eCommerce properties, Baidu’s search engine and popular social applications like ByteDance’s TikTok.

The smart services that come with that ubiquitous connectedness are changing consumer habits drastically. Digital payments are on the rise, reaching transaction volumes of nearly USD 16 trillion in 2017. The Chinese market is accounting for 68% of the global trips completed with on-demand bike and car sharing services (1). Mobility is always available at the click of a button, without the need to own the asset.

WeChat is now processing over 45 billion messages every single day, with massive adoption across various age groups including the elderly, creating a new social fabric. Traditions are being brought into the digital realm, with 688 million people sending their hongbaos through WeChat on the Chinese New Year’s Eve of 2018. While these numbers are already incomprehensible to most, by all indications the mobile boom in China is just getting started.

The looming 5G revolution

The combination of widescale availability of affordable smartphones, rising incomes and an increasing amount of attractive digital services, has lead to an exponential growth in mobile data usage. While the total in 2012 was below 1 Exabyte (1 billion billion Bytes), in 2017 it reached nearly 25 Exabytes. The consumption growth rate is itself accelerating and has reached over 100% year-on-year growth since 2016 (1).

This has been a strain on the countries’ infrastructure. It has been a bottleneck both to consumption and also to widespread proliferation of IoT devices and the implementation of even more data intensive services. Life streaming, a very popular activity among the young population, is already data intensive. Yet that is fractional, compared to use cases such as 360° life streaming for Virtual Reality consumption.

This is all about to change, as China is accelerating the timeline on the roll-out of 5G across the country. With the new technology being faster by an order of magnitude, we will see a Cambrian explosion of new services, use cases, IoT penetration and data consumption across the country. With data collection, data streaming and data storage capacity growing at the same exponential rate, it will also be the starting point for a new wave of personalization that we have never seen before.

AI and the audience of one

It is by now well established, that China is taking the lead in AI research and implementation. China is home to the most valuable privately held AI companies globally (Sensetime, Yitu, Face++ and more) and the government and investor scene are eager to fund the technology to even higher degrees.

While there are many potential applications for AI, in the consumer space the main use cases so far are around customization. Using data generation by the usage of services to learn about the consumer, understand the consumer and serve his needs even better the next time around. The holy grail of this customization is to serve every individual exactly according to their needs, as an audience of one.

The effectiveness and efficiency of AI mainly depends on the available computing power and the available datasets. Without enough computing capacity, insights take too long to generate making it inefficient. With too little or badly structured data available, the generated insights are meaningless, making it ineffective. For hyper-personalization to be possible, both requirements must be met.

We are on the verge of that happening. There is no lack of computing power, increasing further and further as it keeps doubling every 12 – 18 months. At the same time, datasets are getting richer and richer, with an explosion in available user data on the horizon through the roll-out of 5G services and the increasing capacity to collect, transfer and store anything and everything a company can learn about their customer.
AloT - When the physical world becomes customized

Xiaomi has recently committed at least RMB 10 billion in investments into AI and smart devices over the next five years. It is no coincidence, that these two technology fields are thrust together in the same sentence. Lei Jun himself, CEO of Xiaomi, mentioned in the same statement, that Xiaomi is “all in on AloT”.

What the convergence of these two technologies means is nothing short of the potential of a hyper-customization of the physical world. IoT devices, also termed cyber-physical systems, serve as the connector between offline and online. They combine the capabilities to act in and onto the physical world, collect data from it and turn that data into insights and instructions, through algorithms running in the digital realm.

Through face and voice recognition, every individual can be clearly identified without the need for passwords, fingerprints or ID. Every device knows exactly with whom it is interacting, can access what is known about that individual, and customize itself’s services and surroundings in accordance to that information. A personal version of reality, in which bikes pre-adjust their seat and resistance, cars adjust the softness of the seat and the temperature, and restaurants prepare dishes exactly to taste and nutrition needs are all possible.

Smart home device penetration in China is still in its infancy. Only an estimated 5% of Chinese households did make use of smart home applications in 2018, equaling a market size of just around USD 7 billion. This is estimated to grow fivefold by 2025 to USD 35 billion. And that is a conservative estimation, taking into account the paradigm shifts that are just getting ready to launch and scale.

Qui Bono? Alliances are forming to benefit

As this emerging field is on the intersection of multiple industries, alliances are already forming looking to take advantage of this opportunity. Most are a combination of a traditional household goods player and a technology company, looking to combine the brand strengths and retail channels of the manufacturer with the technical chops of the digital player to bring new propositions to market.

Such combinations include the announced alliance between IKEA and Xiaomi, to team up in smart devices for the Chinese market. Other tie-ups that have already formed include Alibaba and Midea, as well as Philips Lighting and voice-controlled home assistant manufacturer LingLong (self a joint venture between JD and iFlytek). While initial use cases around remote- or voice-controlled lights, at-home environmental quality and smart fridges seem benign, they are just the starting point for what these companies have in store.

Chinese companies have been great at figuring out business models, where others saw prohibitive entry points. But all their knowledge is mostly limited to their customer’s online activity. Google knows what people search for, click on and which websites they visit, but it does not know how many people are in the house at any time or where they stop by on the way to work. They know a lot by what is revealed online, yet the actual physical world and activity has been barred from their view. Until now.

By introducing smart home devices into customer’s homes, the usage data not only allows them to make the device smarter, but also to know a lot more about the customer. Voice-control means they can listen in and analyze how many different voices (i.e. people) are at home at any time. They know when people are at home. They know when people are on the road and where they stop by. And they can correlate all of those insights into the physical world with their existing data to generate a whole new level of insight.

The ultimate selling point of technology companies has always been about convenience. Making it easy to connect with friends and family. Making it easy to pay. And now making it easy to control every aspect of your home. Not to mention being able to get everything delivered at any time, not having to carry around cash and mobility at your fingertips wherever you are.

The trade-off has always been the same: You pay the economically equivalent price - either in cash or in data. While high convenience is nice to have, the business model behind it needs to be considered. Paying the full price for value in cash, by dealing with companies who are not looking to monetize data to an extreme, might be a good balance to strike. The proliferation of technology is unavoidable, yet how we view it and deal with it is fully in our control.

China is the frontier market for this development, as it has been innovating and adopting in the relevant spaces at an unprecedented pace, and the technological waves of 5G, AI and IoT will crest together here over the next few years in the first nation globally. It will be interesting to see what scenario will unfold and how that will impact the lives of consumers across the country.

AlloT: The Data Economy

The only thing that cannot be quantified is people. The more we use our devices, the more data we generate. The more data we generate, the more we need to monetize it. The data economy is the new frontier for technology companies.

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China's Race to Smart Cities

At the heart of a Smart City are information and communication technology (ICT). China is no longer a follower in these areas and is actively taking a leading role on the international stage.

By DR. YING FENG

If ever a country needed Smart Cities, it is China

The urbanization rate of China hit 58.52% at the end of 2017, according to the National Bureau of Statistics (NBS). The rate, which may not be particularly high compared to other mid-level developing countries, means that more than 810 million Chinese citizens now live in urban areas and cities. In just four decades, the number of cities in China grew by more than 200% and as of 2017, China had 15 megacities with populations exceeding 10 million. Moreover, China’s urbanization is far from over and research by Tsinghua University estimates that the rate will reach 75% by 2050.

The unprecedented urbanization in human history poses huge challenges such as air pollution, traffic congestion, crime and waste management, to name just a few. To tackle these issues, the Chinese government has incorporated Smart City notions into national strategy, and implemented a series of policies to promote the development of Smart Cities.

In the “Guidance on Promoting Healthy Smart City Development” released by the National Development and Reform Commission (NDRC) in 2014, a ‘Smart City’ is defined as the new philosophy and model that utilize the new generation of information technology, such as Internet of Things (IoT), cloud computing, big data, and geospatial technology to promote smart urban planning, construction, management and public services.

Latecomer playing catch-up

The concept of Smart City aims to improve operational, service and energy efficiencies of cities by analyzing and utilizing information collected from different types of electronic sensors. It first gained popularity among European countries in 1990s. Besides Europe, United States, Japan and South Korea are also the “first-mover” in the pursuit of Smart City and have been recognized for their efforts and achievements. Among the world’s top 25 Smart Cities in 2018, 12 are from Europe, six are from North America, four are from Asia and three are from Oceania, according to the IESE Cities in Motion Index, a list released by the IESE Business School in Barcelona. The four Asian cities are Tokyo, Singapore, Seoul and Hong Kong, which are all in the top 10. The smartest city in mainland China is Shanghai (ranked 57th), followed by Beijing (78th), Guangzhou (109th) and Shenzhen (115th).

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Apparently, China is late to the Smart City party, but it is demonstrating ambitions to catch up quickly and there are good reasons to believe that it will. To start, the government is committed to the development of Smart Cities and is willing to pour huge investments into it. Secondly, China now boasts some of the most valued technology companies in the world, such as Alibaba, Tencent and Huawei. These companies have the capital, the technology and the talents to make the development of Smart Cities possible. Additionally, owing to the thriving startup culture in China, there are a large number of small companies that are quick to adapt to new market needs brought by booming Smart City projects. Not to mention that being the largest manufacturer in the world, China has already produced most of the world’s electronic sensors, which are central to the notion of Smart City.

Getting smart, the new national strategy

Policy-makers in China are serious about the ambition to get cities smart and their actions are swift. The first 5G pilot Smart City projects were approved in 2012 after the Ministry of Housing and Urban Rural Development (MOHURD) issued the “Notice of carrying out Smart City pilot”. By 2018, there were more than five hundred approved Smart Cities pilot projects in China, making it the country with the largest number of Smart City initiatives in the world. In addition, Smart City clusters such as the Pearl River Delta and the Yangtze River Delta, have gradually become key components of national development strategy.

An important sign that Smart City has become a national strategy is that President Xi Jinping mentioned “Smart Society” in his report at the 19th CPC National Congress in 2018. As the more advanced form of Smart City, Smart Society aims to extend the boundary of Smart City initiatives to the whole society and benefit all citizens, while achieving and maintaining sustainable development.

One of the main driving forces behind the rapid development of Smart Cities in China is the government. For years, China has led the world in investing in infrastructure. For example, in the past decade, the length of highways in China grew from 53,900 kilometers to 140,000 kilometers and in 2016 alone, more than 26,100 bridges were built. China already has built the world’s largest internet infrastructure system, which enables the number of internet users in China to reach 800 million in 2018. Now China turns its eyes to building network infrastructure of the next generation such as 5G. China is investing in both 5G and 6G, both are crucial to the implementation of the government’s Smart City plans. It is outlined in the 13th Five-year Plan that more than RMB 2 trillion will be invested in building better network infrastructure.

Tech giants’ new battleground

At the heart of a Smart City is information and communication technology (ICT). China is no longer a follower in these areas and is actively taking a leading role on the international stage. Among the ten largest telecommunication equipment companies by revenue, two are from China (Huawei and ZTE). Together with the three major telecom operators (China Mobile, China Telecom and China Unicom), they are engaging in setting the standard, investing in R&D and conducting field tests of 5G.

A report by EY argues that China is on the verge of winning the 5G race, thanks to its large market size. A report by Deloitte, China has outspent the US by USD 24 billion in 5G infrastructure, which is more than ten times the US has built, according to a report by Deloitte. It is further pointed out in the report that China has outspent the US by USD 24 billion in 5G since 2015.

China’s tech giants BAT (Baidu, Alibaba and Tencent) have shown strong ambitions in developing technology of artificial intelligence (AI), cloud computing and big data by directly competing with western rivals such as Google, Microsoft and Amazon in these realms. They are ready to make the most of their technology and talents to make modern cities smarter and compete to get a share in this growing market. Baidu launched its autonomous driving platform Apollo in April 2017 and recently it announced that Apollo 3.5, the company’s latest and open source platform, is capable of handling complex situations in urban areas.

Alibaba and Tencent are now in a tight race to win over different levels of governments to deploy their Smart City solutions after competing with each other in the areas of electronic payment, online retail, cloud computing and social networking. Both companies have partnered with governments to improve administrative efficiency and transparency. Citizens in Shanghai can easily make hospital appointments, pay for utility bills and even checking the status of a lawsuit through Tencent’s popular instant messaging app WeChat or Alibaba’s mobile payment service app Alipay.

In June 2018, an electronic birth certificate, the first of its kind in China, was issued to parents of a newborn baby in Guangzhou via WeChat. The authorities strive to promote the use of electronic certificates, which are easier to authenticate, cheaper to produce and more secure to hold.

Small companies, big opportunities

While big players like Huawei, BAT and Pinge attract most of the attention, it certainly does not mean that the whole market is taken by them and small companies have no roles to play in developing Smart Cities. On the contrary, the increasing opportunities brought by the development of Smart Cities have driven the births of many small companies.

Take the IoT industry for example. In the China A-share market, there are only around 130 IoT related listed companies. By contrast, according to Gichacha, a business data provider, there are more than 73,000 IoT related companies in China. In Shenzhen alone, there are more than 11,000 IoT related companies and more than 75% are registered after 2015.

The significant increase of the number of startups in IoT is a result of the fact that China’s IoT industry is also booming: the market grew by RMB 1.5 trillion in less than ten years. A report by China Economic Information Service reveals that the IoT market was worth RMB 1.19 trillion in 2017 and the rapid growth is estimated to continue over the next few years.

Smart Cities in action

For many citizens in China, Smart City is no longer a concept in textbooks. It is ubiquitous in their daily life. One example is that at many bus stops, passengers now can easily check when the next bus is arriving via electronic screens or simply via mobile apps.

Facial recognition technology has been used extensively in many cities’ security checks. One famous example is that more than fifty fugitives have been captured by the police at various venues of Jacky Cheung’s concerts in 2018. In all the cases, the fugitives were recognized by the cameras as wanted criminals when they attempted to pass the security checks. Some of them had been on the run for years.

An intelligent traffic light system which can detect the road volume and adjust the signal automatically was deployed in Shanghai in 2018. The system demonstrated strong advantages over the traditional one when it was tested in Puxi Expo Site. On average the travel time was reduced by 8% and the congestion index was reduced by 13%.

Future development of Smart Cities in China

Despite the achievements in the process of building Smart Cities, some problems have been revealed, such as the lack of overall planning, insufficient innovation of institutional mechanisms and weak protection of internet information. Although solutions may vary from city to city, a successful plan should be implemented with the following goals, according to research by Politecnico di Milano and UC University Amsterdam:

- Improving the citizens’ quality of living through building more integrated mechanism of public services.
- Focusing on equality by benefiting all citizens in public services.
- Enhancing collaborations and communications among governments and departments by utilizing networked infrastructure.
- Emphasizing the protection of information security.
- Incorporating social and environmental sustainability into the strategic planning of Smart Cities.

With the goals ahead, Smart Cities in China are still to explore more efficient and effective model that can help obtain a balance between localization, equality, openness and sustainability in the development.
Chinese battery manufacturers have not only benefited from institutional support, but also from China’s role in strategically securing the battery supply chain in the last decade. According to some estimates, about three quarters of global lithium production and over half of the cobalt production will be geared towards NEV batteries by 2025.

By SRINATH RENGARAJAN

Powering NEVs: Excursion Upstream

Chinese battery manufacturers have not only benefited from institutional support, but also from China’s role in strategically securing the battery supply chain in the last decade. According to some estimates, about three quarters of global lithium production and over half of the cobalt production will be geared towards NEV batteries by 2025. Chinese firms have made massive investments in these crucial materials and consequently control over 60% of the market for cathode materials, about 75% of the market for anode materials, about 7% of the market for electrolyte solution, and about 45% of the market for the separators.

China is home to the world’s second largest lithium supplies, though they are expensive to extract - being of lower quality and in remote regions at high-altitudes. Therefore, Chinese firms strategically invested in the last decade in a variety of mines, especially in Australia and Argentina (which have the third and fourth largest global lithium reserves respectively). More recently, Tianjun Lithium bought a stake at a large Chilean mine; Chile accounts for 27% of the global lithium reserves. Taken together, Chinese firms have a stake in about half of the global lithium reserves.

While over 60% of lithium occurs globally as a primary product, over 90% of the global cobalt supply is a byproduct of copper and nickel mines worldwide. Further, approximately two thirds of the global cobalt production are concentrated in the Democratic Republic of Congo (DRC). Through various arrangements, Chinese firms seem to control about 85% of the global cobalt supply.

The rapid growth in NEV penetration is becoming a cause of concern for battery makers and OEMs. It has prompted fears of a supply crunch since the lead time for increasing production capacity at mines and opening new mines is much longer. The manifestation of this fear is already being observed, with the costs of cobalt and lithium having more than doubled since 2015. Metonie increase in material price, resource concentration in DRC, and persistent questions regarding ethics and social responsibility in mining activities are pushing companies globally to develop batteries with lower cobalt content — even though the production ramp-up lead to some price decreases recently.

Apart from production scales and manufacturing technology innovation, lower cobalt content is an additional lever for battery cost reduction. From cobalt-heavy chemistry like NMC111, there is already a shift towards NCM812 chemistry, with an NMC811 chemistry expected to be production-ready soon. Cobalt-free batteries (such as a lithium-iron-phosphate chemistry) however, don’t seem to offer sufficient energy density to be credible alternatives. Alternatives technologies such as solid-state, graphene-based, or metal-air batteries are also too nascent to be a serious challenger to Li-ion batteries with NMC chemistry. Even if one of these technologies does materialize, there is more than just realizing commercialization and scaling production. Thus, batteries with significant lithium and cobalt content will continue to be critical for NEVs in the foreseeable future.

Implications

Chinese firms have established a position of dominance over the upstream value chain which primes them to exercise significant control and power over the key differentiator in NEVs. This puts Chinese battery makers in a favorable position in the future NEV constellations globally since they can ensure the affordability of high-quality NEV batteries when manufacturing them at scale. Simultaneously, the access to vast amounts of lithium and cobalt insulates them from potential supply crunches and boosts their bargaining power in terms of favorable pricing. Given the historically close relationships that OEMs share with their suppliers, some of these advantages would also accrue to Chinese OEMs.

Concurrently, western OEMs must rethink the long-term sustainability of outsourcing battery cell production. The German Chancellor voiced this concern recently, questioning the future of car manufacturing in Europe without local cell production. Automotive executives are already overwhelmed with paradigm shifts in the industry and have been focused on building downstream opportunities and engaging technology companies in future mobility ecosystems. It is understandably harder for them to further stretch the limited resources at their disposal to secure key materials or invest in in-house battery production. Against this backdrop, pushing for higher transparency in supply chains and building upstream partnerships is not only a viable strategy, but an increasing necessity for them. This is a crucial cornerstone complementing their efforts to secure partnerships downstream.

How these partnerships play out in the face of increasing product commoditization, and their implications for OEMs in the future electric mobility ecosystems, will remain an intriguing arena in the meantime.

Srinath Rengarajan
Value Creation Approach in Smart Manufacturing

Chinese battery manufacturers have not only benefited from institutional support, but also from China’s role in strategically securing the battery supply chain in the last decade. According to some estimates, about three quarters of global lithium production and over half of the cobalt production will be geared towards NEV batteries by 2025.

The rise of smart manufacturing

Nowadays, digital technology has begun to infiltrate into various fields of our daily life, from Didi and Uber in the field of daily travel service, to Alibaba and Amazon in the field of general merchandise retail. Even in the fields of car manufacturing and aerospace which have very high entry barriers traditionally, there are competitors such as Google and SpaceX. These new subversives could develop rapidly and become a leader in the respect industry, as long as the right business model is applied.

Digital technology also has significant penetration and impact on industrial manufacturing operations. In recent years, the developed countries already took actions on developing overall digital manufacturing roadmap and building up its knowhow. China, being the largest developing country in the world, has already set smart manufacturing (digital manufacturing) as one of the three major themes in its top-level industrial development design for the next ten years, aiming to overtake other countries at the industrial manufacturing area.

The leading companies of different industries in China have already started exploration and practice on smart manufacturing and some of them have got certain achievements and progresses. But considering the large amount of investment, the medium and short-term investment return is far from satisfactory. In this article, the author intends to summarize the misunderstandings and suggest the key value creation approach in practice for the industry’s reference.

Pitfalls of smart manufacturing

In the trend of digitalization, many companies have started smart manufacturing attempts, but few of them have succeeded. According to the author’s analysis, companies usually fall into the following three pitfalls at the initial stage.

1. Smart manufacturing equals to automation: Such companies often chase for automatic equipment that can replace or improve original manufacturing process. However, they ultimately find the improvements to the process have their own limits.
2. Start smart manufacturing for the sake of smart manufacturing. Such companies usually invest a lot of resources into the technology which appears to be advanced, but finally find the change in operation does not necessarily link closely with the company’s performance.

3. No clear goal! In the early stage, such companies do not articulate a specific business problem to be solved; therefore, the results of the project are eventually not directly reflected in the contribution to the business.

To address those pitfalls, three principles shall be followed in smart manufacturing attempts: “top-down design”, “business-oriented”, and “taking financial benefits as the key indicator”. Only by following these principles and focusing on the correct value creation methods, companies can avoid the pitfalls and get the most out of the investments.

The value creation approach of smart manufacturing

At this stage, the author believes that smart manufacturing can create value mainly through three dimensions: the full utilization of digital data, the effective use of intelligent assets and the acceleration of process and business transformation.

1. Make Full Use of Digital Data
   - The management shall have a comprehensive understanding in smart manufacturing and make overall smart planning.
   - Business needs oriented
     - Smart manufacturing shall be implemented from top to bottom and led by the management.
     - The management shall have a comprehensive understanding in smart manufacturing and make overall smart planning.
   - Taking financial income as an indicator
     - The selection of smart manufacturing scenario shall be oriented by business needs and combined with the specific situation.
     - Select one or two smart manufacturing pilot projects, fully implement them and then replicate the success.

2. Improve the Utilization of Smart Assets
   - One year before the implementation of smart manufacturing pilot, the company makes full use of the underlying production data obtained and screened through the MES system, and establishes application scenarios, such as process-oriented personnel capability matrix and performance appraisal methodology. Through real time data, field managers can quickly deploy team members based on their know-how, thus greatly reducing decision cycles and costs.

3. Speed up the Transformation of the Process and Business
   - The management shall have a comprehensive understanding in smart manufacturing and make overall smart planning.
   - Business needs oriented
     - Smart manufacturing shall be implemented from top to bottom and led by the management.
   - Taking financial income as an indicator
     - The selection of smart manufacturing scenario shall be oriented by business needs and combined with the specific situation.
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We find that Chinese companies have walked through many detours in the process of digital smart manufacturing, but these problems can actually be avoided in the early stage of implementation.

How to start the smart manufacturing journey?

Smart manufacturing is the exploration to the unknown. It requires companies to be more positive in mentality and more active in manner to respond. Successful companies tend to take full consideration of the flowing three important factors when starting smart manufacturing:

1. Have Long-term Vision
   - Embrace innovation, explore the “possible art”, inspire the concept of intelligence and cultivate innovation culture; set the vision, form a basic consensus on the future state within the organization and formulate a high-level smart manufacturing implementation roadmap.

2. Start Small
   - Establish an “action team” to open up subversive innovation in a mature organization beyond the core business; select only one or two possible strategies and application scenarios and immediately implement them, verify business logic in practice and cultivate organizational skills.

3. Act Quickly
   - Transform the strategy to implementation as quickly as possible with agile and iterative methods – from “fast failure” to rapid success, and replicate the method and the results. With these factors in mind, companies should clearly identify the right value creation application for their own and act immediately to start enjoying the true benefits of smart manufacturing.
Increasing Awareness and Growing Demand for Health Food Drive Food Imports

For many international investors, the fast-growing Food and Beverage (F&B) industry in China is an attractive destination. In 2019, the revenue in the F&B segments is expected to amount to USD 22.687 billion, a plus of 22.5% compared to the year before, generating the biggest revenue in a global comparison. With an expected annual growth rate of 12.8%, the market volume is expected to result in USD 36.673 billion by 2023.

With only 11% of the country’s land currently arable, China has serious problems to sustainably ensure the food supply for its population. Additionally, up to 40% of China’s rivers and 20% of its land are polluted, resulting in a limited ability to produce food products. Accordingly, China has no choice but to import huge amounts of foreign food products to satisfy the needs of its immense population.

Besides soybeans, which account for 40% of the total value of F&B imports to China, meat products, wines, spirits, fish products, confectionary and chocolates, bottled water, dairy products and sugar are the most commonly imported products.

To be successful in the market, understanding the objectives and demands of a Chinese consumer as well as regional differences in consumption and the internal dynamics of the market structure is the critical factor. Brands, adopting a uniform strategy across the country, ignore the big differences in regional markets. One example is, that better developed cities with a higher income and a more international lifestyle, such as the first-tier cities along the east coast, have a higher appetite for foreign products than western provinces. However, focusing on less saturated markets may offer a lot more potential, especially considering the smart growth facilitated by many tier 2 areas. To effectively assess the opportunities and risks across the different regions and adopt corresponding strategies, foreign businesses should not only consider partnering with local operators but also invest in research and development to determine the local preferences and offer customized products that suit the local demand.
The biggest trend in the Chinese consumer behavior is their growing awareness of health. As a result, the frequency of change in their purchasing behavior. 86% of the consumers would consider food safety when buying food and 62% even consider it as the primary factor when buying or choosing food. Accordingly, sales of health foods such as food supplements and premium dairy products booms, while low nutrition food products lose in popularity.

Food and Health

Several factors, both social and economic, are contributing to the rise of the healthy food sector in China. By 2050, it is expected that more than 60% of China’s population will be aged 60 and older resulting in a significantly increasing consumption of health food. The awareness for health goods also rises with an increasingly educated and internet savvy Chinese middle class. A growing consumption of organic and healthy food has contributed to a growing trend of healthy lifestyle products and has created a status symbol in the Chinese society. Scoring 12 points above the world average, Chinese consumers are known as one of the most health-conscious nations worldwide. 73% of Chinese are ready to pay extra for food deemed healthier and 58% of Chinese Middle Class (aged 20-49) agree they are willing to pay more for ethical brands.

Foreign investors willing to sell health food products in China need to pay special attention, as China refuses to recognize international standards for organic food and imposes national standards. To legally sell health products in China, businesses need to obtain the Health Food Approval Certificate, issued by the China Food and Drug Administration (CFDA), for every functional food and nutritional supplement. Many documents such as the products RBG report, products formula and related documents, and the safety and health care evaluation report must be submitted to register a health food product. The process may take between 85 to 95 working days and the certificate is valid for five years.

Sales Channels

Another trend in the Chinese F&B market is the rapidly growing importance of online retail channels. According to the China Household Table Consumption Trends Report, published by Ali-baba in 2017, 60.5% of all fresh food available in China is sold online. In first and second tier cities, 82% of the consumers, at least occasionally, buy food and beverages online. Simply translating the existing website into Chinese is often not enough to attract Chinese consumers. In addition to social media engagement, international brands should tailor their websites to the interests of Chinese customers.

While sales through e-commerce platforms directly owned by the company and through third-party platforms such as Tmall.com and JD.com has become more and more popular in recent years, especially suppliers of health products still resort to direct sales channels supported by interactive events, conference marketing and traditional marketing campaigns through television and social media in addition to the establishment of their own online platforms. Through the online-to-offline (O2O) model, consumers are encouraged to try the products in the physical stores and place orders online, thus completing the offline experience and online purchasing process.

The 2015 Food Safety Law

The 2015 Food Safety Law was drafted in reaction to a series of food scandals that have afflicted the country. It shows the attempt of China’s government to exert pressure on cheap and faulty food procedures and distributors. Amending over 90 percent of previous regulations and adding 49 new ones, the revised Food Safety Law (FSL) focuses especially on quality standards, food production licenses, production and distribution, food-related products, warehousing and logistics, safety of additives and health products.

Among the key changes in the FSL are revised sanctions for varying grades of violations, particular provision for infant formula, requiring that all infant formula products – weather produced in China or imported – be registered with the CFDA, and changes in the traceability and accountability regulations. While, especially for foreign investors, the previous regulatory F&B environment has been found confusing, the new law creates a well-structured environment, in which it is easier to navigate.

Today’s Challenges in China’s Food and Beverage Industry

The Chinese F&B industry seems to hold vast opportunities for foreign investors. However, the complicated regulatory framework, the stringent food laws, their infrastructure and pricing strate-
Legal Update
New Provisions on Injunction Relief in IP Disputes in China

By DR. ULRIKE GLUECK, YE HUANG, AND PANPAN TANG

"Injunction", is a hot topic frequently discussed in intellectual property ("IP") disputes in China. In a legal battle between Qualcomm and Apple in China in 2018, Apple was banned to sell most iPhones in China because Qualcomm was granted the Chinese court an injunction ordering Apple to immediately cease infringing upon two Qualcomm patents through unlicensed importation, sale and offers for sale in China of most types of Apple's phones. The court order in the Qualcomm vs. Apple case is a prohibitory injunction. A prohibitory injunction can stop one party from taking or continuing to take an action that negatively affects another party until the matter can be heard in court. Details of prohibitory injunctions were regulated for the first time in the Provisions on Several Issues Concerning the Application of Law in Examining Cases Involving Prohibitory Injunctions in Intellectual Property Disputes (the "Provisions") issued by the PRC Supreme People’s Court ("SPC") on 12 December 2018. The Provisions have taken effect on 1 January 2019. They are widely considered to be another critical step forward to improve the injunction system to protect IP and will have a positive influence on the development and innovation of smart industries in China. Below is an overview of the key aspects.

Background
Prohibitory injunction is not a new concept in China. As early as 2001 and 2002, to implement the provisions on interim measures in the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS"), relevant provisions on stopping infringements of IP rights before initiating a lawsuit have been included in relevant IP laws and interpretations of China. Since then, the courts have accumulated some judicial experience on stopping infringements of IP rights before initiating a lawsuit.

In 2012, the revised PRC Civil Procedure Law included provisions on prohibitory injunctions extending the prohibitory injunction to all kinds of civil cases. Over the years, there have been increased demands of IP owners for prohibitory injunctions. According to incomplete statistics referred to by Wang Chuang, Vice-President Judge of the SPC’s Civil Adjudication Tribunal No. 3 (IP Right Division), in a press conference on the Provisions on 13 December 2018 in Beijing, from 2013 to 2017, Chinese courts received 157 applications for preliminary injunctions and 75 applications for interlocutory injunctions, and the ruling rate granting such injunctions was 98.5% and 84.8% respectively. Therefore, in order to strengthen the protection of IP rights and further improve the system of prohibitory injunctions, the SPC started drafting the regulations on prohibitory injunctions in IP disputes already in 2013. Prior to the issuance of the Provisions, on 26 February 2018 the SPC had issued the Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Review of Cases Involving Prohibitory Injunctions for Intellectual Property Rights and Competition Disputes ([Draft for Comment] ("Draft Interpretation") regarding prohibitory injunctions in IP disputes. However, the Draft Interpretation never came into effect. The Provisions are regarded as an updated version of the Draft Interpretation and provide more clarity and practical guidance.

Key Aspects
The Provisions include four key aspects:

1. Procedural rules, such as who can be the applicant of a prohibitory injunction, the competent court, the application form, the examination procedures and review, etc.;
2. Substantive rules, such as the considerations of the necessity of the prohibitory injunction, the bond to be provided, the duration of the prohibitory injunction, etc.;
3. Identification of a wrongfully made application and compensation lawsuit, and the termination of the prohibitory injunction;
4. Other issues such as application fee, treatment for applying for the different types of injunction / preservation at the same time, five typical prohibitory injunction cases.

Procedural rules
Applicants of Prohibitive Injunctions
The following parties are entitled to apply for a prohibitory injunction:

1. The parties of IP and competition disputes as set forth below can apply for a prohibitory injunction before the judgement, ruling or arbitral decision takes effect:
   - disputes over unfair competition; and
   - disputes over ownership and infringement upon IP rights;
   - disputes over unfair competition; and
   - anti-monopoly disputes.
2. The licensee of an IP licensing contract, specifically:
   - the licensee of an exclusive license contract may file an application in its own name;
   - the licensee of a sole license contract may file an application in its own name if the rights owner does not file the application;
   - the licensee of a non-exclusive license contract may file an application in its own name upon express authorization by the rights owner.

Competent Court of Jurisdiction
An applicant shall apply to the People’s Court:
1. With jurisdiction over an IP dispute at the domicile of the respondent; or
2. With jurisdiction over the corresponding disputes between the applicant and the respondent.

Review Procedure
1. Prior Inquiry
   Since the prohibitory injunction has a great impact on the interests of both parties, before deciding to grant a prohibitory injunction, the People’s Court shall make an inquiry with the applicant and the respondent, except where the situation is urgent, or the inquiry may affect the implementation of the prohibitory injunction.
2. Application Form and Necessary Evidence
   An applicant shall submit an application form and the corresponding evidence to apply to the People’s Court for the prohibitory injunction.
3. Review Period
   The term of the review period is not stipulated in the Provisions. Thus, Article 101 of the PRC Civil Procedure Law applies, i.e. the People’s Court shall decide within 48 hours of receipt of the application.
4. Reconsideration
   A party concerned who refuses to accept a ruling on prohibitory injunction can apply for reconsideration. The People’s Court shall review the application for reconsideration and render a ruling within ten days of receipt of the application.
5. Termination of Injunction without Filing an Action for the Case Also
   For prohibitory injunctions, Article 101 of the PRC Civil Procedure Law applies, i.e. where the applicant fails to institute lawsuit or to apply for arbitration within 30 days after the People’s Court issued the prohibitory injunction, the People’s Court shall terminate the prohibitory injunction.

Substantive Rules
Considerations on the Necessity of Prohibitory Injunction
Before the Provisions were promulgated, Articles 100 and 101 of the PRC Civil Procedure Law stipulate that where a party concerned with whose legitimate rights and interests, due to an urgent situation, would suffer irreparable damage if the party fails to petition for preservation promptly, may apply to the People’s Court for preservation measures. The Provisions clearly stipulate the factors to be considered in reviewing an application for prohibitory injunctions, especially further interpretations on how to judge the necessity of the concerned IP to identify the urgent situation and the "irreparable damage", which makes it more operable to decide a prohibitory injunction.

1. Factors for Consideration
   When reviewing an application for prohibitory injunction, the
Any of the following circumstances shall be deemed to be "irreparable damage":

(4) Irreparable Damage

• other irreparable damage caused to the applicant.
• the respondent’s infringement will result in a significant reparable damages”:

Factors shall be comprehensively considered:

• whether there is a dispute over ownership of the rights involved;
• whether the rights involved are in the invalidation or cancellation procedure and declared invalidated or canceled;
• whether the rights involved have been substantively examined; and
• other situations requiring an immediate prohibitory injunction.

(2) Urgent Situation

Under any of the following situations, if failure to issue an immediate prohibitory injunction is serious enough to harm the applicant’s interests, such situation shall be considered an urgent situation:

• trade secrets of the applicant are to be illegally disclosed;
• the applicant’s IP is being or will be infringed during a time-sensitive occasion such as a trade fair;
• a time-sensitive popular show is being or will be infringed; or
• other situations requiring an immediate prohibitory injunction.

(3) Stability of the Validity of the IP Rights

When reviewing and judging whether the validity of the IP requested by an applicant to be protected is stable, the following factors shall be comprehensively considered:

• the type or nature of the rights involved;
• whether the rights involved have been substantively examined; and
• whether the rights involved are in the invalidation or cancelation procedure and declared invalid or canceled; or
• there is a dispute over ownership of the rights involved; and
• other factors that may lead to instability of the validity of the rights involved.

(4) Irreparable Damage

Any of the following circumstances shall be deemed to be "irreparable damages”:

• the behavior or the respondent will infringe the applicant’s rights of goodwill, publication or privacy and other personal rights and cause irreparable damage;
• the behavior of the respondent will lead to uncontrollable infringement and significantly increase the damage to the applicant;
• the respondent’s infringement will result in a significant reduction in the relevant market share of the applicant; and
• other irreparable damage caused to the applicant.

Bond

A bond must be provided as security when applying for the prohibitory injunction.

The amount of the bond shall be equivalent to the loss which the respondent may possibly suffer as a result of the execution of the prohibitory injunction, including reasonable loss of sales proceeds and custody expenses of the products involved.

Corresponding bonds will be ordered to be added by the People’s Court where during the execution of prohibitory injunction, the respondent may suffer losses exceeding the amount of the applicant’s bond. If the applicant refuses to increase or add the bond, he or she may decide to terminate or partially cancel the prohibitory injunction. If the applicant fails to increase or add the bond, a ruling may be rendered to terminate or partially terminate the prohibitory injunction.

The prohibitory injunction issued by a People’s Court shall generally not be terminated by the bond provided by the respondent, except where the applicant agrees to the termination.

Duration of Prohibitory Injunction

A prohibitory injunction shall come into force immediately once the application is accepted by the People’s Court.

The duration of the prohibitory injunction shall be determined by the People’s Court according to the applicant’s request or the specific circumstances of the case. The validity of the ruling to stop the infringement shall generally be maintained until the ruling for the case takes effect.

Renewal of the prohibitory injunction may be ruled by the People’s Court according to the applicant’s request, additional bonds, and other situations. The applicant’s requests to renew the prohibitory injunction shall be made within seven days upon expiration of the duration.

Wrongfully Made Applications

The Provisions also deal with the situation that an applicant wrongly makes an application. Article 16 of the Provisions adopts the principle of objective imputation of responsibility for the determination of "wrongfully made applications", regardless of whether the applicant subjectively is at fault or not. This imposes strict liability on the applicant and is aimed to encourage the applicant to act prudently in initiating the injunction procedure and to reduce the damage caused to others due to indiscriminate prosecution.

Circumstance of Wrongfully Made Applications

Any of the following circumstances shall be deemed to be a "wrongfully made application":

• no lawsuit or arbitration is filed by the applicant within 30 days after act preservation measures are taken;
• the IP requested for protection is declared invalid;
• the effective judgment considers that no infringement or unfair competition is constituted; or
• other circumstances where the application is made wrongly.

Lawsuit for Compensation for Wrongfully Made Applications

If an application is made wrongly, the applicant shall compensate the respondent for any loss incurred as a result of the wrong injunction.

Where the respondent files a lawsuit for compensation, the case shall fall under the jurisdiction of the People’s Court that issued the prohibitory injunction or of the People’s Court that accepted the lawsuit.

Termination of Prohibitory Injunctions

If an application is made wrongly, the party concerned can apply for the termination of prohibitory injunction. The People’s Court shall within five days of receipt of the application, terminate such injunction.

Other circumstances under which the prohibitory injunction shall be terminated are as specified in Article 166 of the Interpretation of the Supreme People’s Court on the Application of the PRC Civil Procedure Law:

• the applicant revokes the application for injunction;
• the lawsuit or claim of the applicant is overruled by a valid judgment; or
• other circumstances under which the People’s Court deems that the injunction shall be removed.

Other Issues

a) The Provisions state that the application fee shall be paid in accordance with the provisions of the Measures for the Payment of Fees on the application for prohibitory injunction. The relevant provisions of the Measures for the Payment of Lawsuit Fees on preservation measures are only provisions on maritime injunction at present, so fees shall be charged in accordance with the provisions on maritime injunction, which are RMB 1,000 to RMB 5,000 for each case.

b) Where an applicant applies for prohibitory injunction, property preservation or evidence preservation at the same time, the People’s Court shall separately examine whether the different types of injunction / preservation applications meet the conditions and may decide the order of execution of different types of injunction / preservation.

Conclusion

The Provisions set up a more practical and operable prohibitory injunction system. On one hand, since even if an IP owner wins a case through litigation, it may have long lost its competitive advantage in the market, the Provisions focus on the convenience and speed of the review process for the prohibitory injunction by clarifying the urgent situations under which the prohibitory injunction shall be granted. On the other hand, in order to prevent applicants from abusing prohibitory injunctions for unfair competition or affecting the public interest, the Provisions also specify the standards for reviewing applications and the objective imputation of responsibility for wrongly made applications.

The Provisions are likely to play an important role in preventing infringement of IP rights and obtaining judicial relief.
Chinese New Year: Mastering China’s Most Important Sales Festival

Being a consumer in China is a stressful business. Brands frequently use Western as well as Chinese holidays and integrate them into their marketing strategies. These include Christmas, Halloween, Valentine’s Day in both cultures, Mother’s and Father’s Day, Children’s Day or the Chinese Mid-Autumn Festival. Those in past traditional and cultural celebrations aside, there are many other sales events that drive consumption, the clear leader being Single’s Day on 11.11, started by Alibaba in 2009 – now the world’s largest online shopping day. While all this is predominantly about discounts and special offers, one celebration stands out from all the others: the Chinese Spring or New Year Festival.

For this festival, a population of over a billion people travel to their home cities – a statistic that billion plus symbols speaks for itself – and China, usually so fast-paced and busy, comes to rest as families celebrate their reunion and the beginning of the new lunar year.

China’s most important holiday is full of symbolism: colors, decora- tions, customs, and of course, in the spotlight every year one of the twelve animals of the Chinese zodiac in combination with one of the five elements. On 5 February, 2019, the Earth Pig entered the stage for 365 days.

Delving deeper into Chinese culture

By analogy with Western Christmas, the Spring Festival is the peak season for sumptuous meals and gifts. Over the past few decades, and especially in recent years, the number of brands that launch seasonally themed gift boxes and special editions has skyrocketed. The same applies to the intensity with which these products are marketed, and the fight for consumers. Brands are willing to spend more money than ever before and create striking, impres- sive advertising campaigns and worlds of immersive brand experi- ence. While just a few years ago it was enough to provide some red packaging and the respective zodiac animal, today one can observe not only an increasingly deeper exploration of the rich treasure trove of Chinese culture, ranging from witty puns to homophones, but also an impressive integration of a multitude of marketing elements. In addition to product and design, there is advertising in all kinds of communication channels, product vis- ibility in the flagship store or online in brick-and-mortar retail, the integration of influencers and brand ambassadors, cooperation between market players and with designers, new technologies, the parallel implementation of raffles and competitions, and intelligent time management as a maximizing link.

Zodiac animals as a central design element

The year’s zodiac animal is used in all manner of eye-catching ways. Brown presented its red lipsticks with the motto ‘Let’s be pigs. Kate Spade exhibited red dresses and matching handbags, Adidas appliqués, the symbols for luck or prosperity, fish, clouds or, of course, Red is the lucky color par excellence in China and plays a central role in Spring Festival communication. Calvin Klein, Schiesser, Triumph or the Red – the dominant color

Red is the lucky color par excellence in China and plays a central role in Spring Festival communication. Calvin Klein, Schiesser, Triumph or the Chinese brand Aimer – they all offered red underwear, some with golden appliqués, the symbols for luck or prosperity, fish, clouds or, of course, pigs. Kate Spade exhibited red dresses and matching handbags. Adidas had red clothing in their stores, featuring the character for skills (智, zhi), and Karl Lagerfeld promoted red sweaters and dresses: Karl Holl- days. Of course, for the New Year, beauty must not be left behind. Bobbi Brown presented its red lipsticks with the motto “Festival of Luck” while a wheel of red envelopes rotated in the shop window. Sephora started a campaign for the color “New Year’s Red” (利市红), in which special edi- tions of popular cosmetics brands were highlighted – and a makeup brush with bristles in the shape of a pig’s snout. Consumers wanting to stock up on cooking utensils before the feast were spoiled for choice with numer- ous red-collectable red MMA pressure cooker, a red marble base with and a welcome coincidence. Tous les Jours therefore called “Happy New Year” (年味一起造, nian wei yi qi zao), Godiva played both visually and linguistically with the symbolism of the fish, on the one hand with the syllable 鱼 (yu), which can mean fish (鱼) (3 lire, cheerfulness (乐) and excess (盈) and on the other hand with the syllable 虚 = carp (虚) and 虚 = advantage (虚). Hörmann made use of the wish for a blessed house (六六大顺, liu liu da shun), with the last character most appropriately ex- pressing the core competence of the company: men (男) = Gates = Doors.

The Confucian values of family and filial piety

With such a traditionally rooted holiday, it should come as no surprise that Confucian elements also play a role, such as the emphasis on fam- ily and respect for one’s parents. Nestlé showed a scene in which a son gave his father a box of nutritional supplements. The son was repres- ented by the table tennis star Zhang Jie. The advertisements of Master Kong and Thermenx showed families during the New Year’s Eve dinner. Leng Le went the same way, releasing its very first Chinese Festival Special Edition in 2019 – A Dragon Dance and a Chinese New Year’s Eve Dinner – and marketed them for all the family to play with: “Building the taste of the New Year” (建年味). Influencers and collaborations are becoming increasingly important

More and more brands were relying on the marketing of their special editions on the wide reach of stars, personalities and influencers with millions of followers on their social media channels. For example, Long- champ cooperated with Chinese handbag guru Tao Lianing, known as Mr. Bags. Swatch released on its global brand ambassador, Wang Junkai, the 19-year-old singer of Chinese boy band TFBoys, to advertise their new red and gold watch. It was presented in a red box in the form of a pig, which grunted happily when the box was opened. The Alpisteel line from Perfetti made use of the actress Diletta and Liu Xizi. At Borussia Dortmund some star players have diligently learned Chinese and sent a message to their fans – holding a black and yellow pig.

In addition to stars, working with artists and collaborations be- tween brands have increased significantly. Rosenthal engaged the renowned SHIONI designer Manuela-FedERICA for its porcelain plates and cups, Hugo Boss collaborated with New York artist Jeremylene and Kiehl’s had its New Year’s products and campaign designed by British illustrator Jonny Wan.

Stimulating purchase through additional incentives

Ever since the 2008 Beijing Olympics, the Chinese have felt the heat as their clothing, furniture and home decor brands have been and will always remain a decisive competitive advantage. Today, more brands than ever before act against the favor of Chinese consumers, whose demands and expectations have risen significantly. The many examples clearly show the intensity with which companies have gone through tremendous learning curves. They have not only accumulated exceptional competence in regard to Chinese culture, market and consumers, but also opened up new opportunities for luxury brands. Only those that master this interplay will have the best chance of being perceived by con- sumers as positive and relevant, of gaining a competitive advantage over their competitors and of establishing their business in China.

The Chinese expert and business consultant Dr. Andreas Tank has nearly 20 years of experience in China and is the founder of China Business Competence. He is Germany’s most widely read author on China marketing topics. www.china.ahk.de
Many European Companies are keen to come to China. While in the past, European companies came to China to take advantage of low-cost manufacturing for export, more recently, they have come to enter the Chinese domestic market, establish R&D, engage in cooperative development, take advantage of a skilled workforce, establish suppliers, and develop long-term partnerships in China. In order to achieve this, they are often willing to ‘transfer’ their key technology and designs to Chinese subsidiaries of European firms, joint-venture (JV) partners, or Chinese manufacturing and service companies. One of the challenges facing European companies coming to China is devising creative solutions to minimize the risk to their intellectual property (IP) associated with such technology transfers.

A technology transfer happens in a number of different ways. European companies most commonly transfer their technology by licensing their patents, designs, software, trade secrets, and know-how. Ownership of the technology may be transferred, but this type of transfer is less common. A common misconception is that a technology transfer is limited to transfers of high technology. However, many European companies using contract manufacturing to manufacture low technology, consumer, or industrial products, for example based on product designs, must deal with many of the same risks to their IP as their high technology counterparts.

The Chinese government enforces the lawful and legitimate transfer of technology while at the same time supporting innovation by Chinese companies, otherwise known as ‘indigenous innovation’. Over the years, gaining market access in exchange for bringing foreign technology to China has been a successful bargain for many European companies. Unfortunately, some Chinese companies seeking to acquire foreign technology often obtain it from European companies either through inadvertent leakage of IP, or in breach of agreements or Chinese law. Protection of IP through courts and other avenues in China remains mixed as the legal system continues to develop. As a result, European companies who do not think carefully about how to guard against IP risk when transferring technology to China may unintentionally suffer a loss of competitiveness and market share as a result of losing their IP to Chinese competitors.

Thinking of transferring technology? - The first step

SMEs new to China or considering bringing technology to China should first check the catalogue for Prohibited and Restricted Technology Imports (the Technology Import Catalogue), published by the Ministry of Science and Technology (MOST) and the Foreign Investment Catalogue, jointly published by the Ministry of Commerce (MOFCOM) and the National Development and Reform Commission (NDRC).

Technology imports in China are divided into ‘freely importable’, ‘restricted’, and ‘prohibited’ technology. Restricted and prohibited technologies are specifically enumerated in the Technology Import Catalogue, while technologies not listed in the Technology Import Catalogue are deemed freely importable. In most cases, technology is deemed freely importable, with only certain technologies related to economic policy development or national security classified as restricted or prohibited. If technology will be later exported, SMEs also need to check the corresponding Catalogue for Prohibited and Restricted Technology Exports (the Technology Export Catalogue) and whether there are any relevant regulations in the destination country.

In addition, where the technology is to be brought into China via foreign direct investment (FDI) such as with the establishment of a joint-venture or wholly foreign-owned enterprise, it is important to consider the Foreign Investment Catalogue to determine what restrictions, if any, apply to the establishment of the Chinese entity. For example, the foreign investment in design and manufacturing of civil aircraft equipment is limited to JVs. For technology transfers in the form of a FDI, the permitted form of FDI will be critical in determining what contractual and non-contractual solutions you will need to protect SMEs’ IP.

What can companies do to protect themselves?

Picking the Right Partners

It is important to recognize at the outset that part of the motivation for the Chinese company in a technology transfer is obtaining foreign technology and know-how. This fact is not a secret and SMEs should not treat it like one. Consequently, as a first step to protecting IP in a technology transfer, it is important to make sure SMEs choose the right partners. Essentially, the ideal partner will be complementary, but not well-positioned to directly compete with European SMEs’ business. However, in order to make an informed decision, SMEs need to take a closer look at your business as well as the potential Chinese partner by following these three-steps:

1. Analyse your strengths. What is it that makes the company competitive? What measures and IPRs are used or can be used to defend Company’s competitiveness (e.g. trade secrets, patents, new applications for technology requiring know-how, etc.)?

2. Analyse your competitors and the Chinese market in which your company wishes to operate. Do you know who your competitors in China are? What are their strengths? What is their strategy? This analysis should also include potential and existing partners in China: are you aware of their specific objectives? Are they in a special situation which influences your cooperation? For example, State Owned Enterprises (SOEs) may be obliged to abide by local and State industry policy which requires them to gain more know-how transfer and R&D investment rather than maximising short-term profits.

3. Design your own procedures when dealing with China. They need to be practical, but also indicate where your company will draw the line when trading off IP protection for operational efficiency. Define your company’s limits and vigorously defend your position.

Structure

Once European SMEs have selected the right partner, structuring technology transfer is critical to effectively protecting IP assets. The IP risk associated with a particular technology transfer will vary depending on whether SMEs are licensing, setting up a JV, or setting up a WFOE. In all three of these situations, SMEs need to prevent their IP from being inadvertently leaked or intentionally misappropriated or misused by a related or unrelated Chinese party. However, each situation presents unique opportunities and challenges:

1. Licensing the technology to an unrelated Chinese company (such as in a contract manufacturing context). When licensing to unrelated Chinese companies such as in contract manufacturing, SMEs generally have the least control over their IP, but they have the option to use multiple Chinese suppliers and can use what is known as a modular strategy which basically involves using different Chinese suppliers to source different components of SME’s product, so that no single Chinese supplier can make the product. In addition, phased implementation is often used to test out the Chinese partner before transferring additional technology. Both of these strategies are widely used by many European companies.

2. Setting up a Joint Venture. In the context of a JV, modular strategy and phased implementation is limited because typically business efficiency requires the JV to be able to deliver a completed product. In addition, there is the added challenge of transferring technology to the JV while preventing company’s IP from leaking to the Chinese JV partner. In such circumstances, it is important to be creative and not let the deal get in the way of protecting company’s valuable IP. It is extremely important to define the rules of not just the JV, but also the Chinese JV partner. For example, many companies keep critical design work or the manufacturer of critical components in a separate wholly-owned subsidiary or completely off-shore. A Chinese JV partner with strong local contacts and sales networks can be structured as an authorised distributor of the JV’s products, but being otherwise limited in the activities of the JV.

3. Setting up a WFOE. If a WFOE structure is used, IP risk is less because European SMEs have the greatest amount of control over their wholly-owned subsidiary. In these structures, addressing IP risk often means focusing on reducing or preventing IP leakage by employees and business partners. For example, when establishing an R&D centre, it is important to ensure that employer-inventors are properly remunerated and developed IP is routinely captured and managed, including filing patents and registering copyrights. Use of confidentiality agreements and non-compete agreements for certain employees who are intimately knowledgeable about the business and technology is strongly recommended.
Contracts

In addition to structure, the other key to successfully protecting IP in technology transfers is to make sure the IP owner has all the relevant contracts in place and that they are airtight. It is recommended that companies use IP licenses with their Chinese partners; in addition to establishing each party’s rights, the IP license ensures that the technology transferred is documented in case issues arise later on. This is especially critical when the Chinese party is also contributing technology and IP becomes difficult to identify or differentiate.

Improvements: One of the most negotiated parts of the IP clauses of a technology transfer agreement is the provision for the creation of improvements and the ownership of improvements made by the Chinese party. This is because improvements to the transferred technology are often extremely valuable and form the basis for the cooperation. As a result, the foreign party typically wants to own all improvements to the technology made by the Chinese party. However, there are a couple of important points under Chinese law on improvements SMEs need to know:

1. Commissioned IP belongs to the commissioned party, unless the contract states the commissioning party owns the IP. This means that it is important that the contract states clearly what IP is to be developed and who will own it.

2. Improvements are owned by the party that makes the improvements and cannot be automatically ‘granted-back’ to the other party without some form of compensation or without reciprocation such as granting a license to the other party’s improvements. This means that the typical automatic ownership of improvements being owned by the foreign party will be unenforceable.

3. A Chinese party cannot be restricted from making improvements to transferred technology and using the improvements. This means that a Chinese party can make improvements and any such restrictions will be unenforceable.

The implications of these three rules create many problems for European companies looking to transfer their technology to China. Since the Chinese party is permitted under Chinese law to make and use improvements, European companies have to think twice about what technology they are willing to bring to China and allow the Chinese party to improve on. It is important to discuss the technology transfer with an experienced lawyer who can help IP owners to come up with effective ways to structure the terms of the contract in order to address the development, ownership, and use of improvements.

Confidentiality: It is important to include strong confidentiality provisions in the technology transfer contract. European companies often go to great lengths to protect their confidential information, trade secrets and know-how, including using key-card access, closed-circuit TV, virtual data rooms, and sophisticated document tracking measures. While these measures may be expensive and difficult to administer, they should be seriously considered if critical IP is transferred.

Reverse engineering: In addition to dealing with the issues related to improvements to the technology, European companies must also think about reverse engineering, which is the acquisition of technology by taking apart and studying an existing product in the market. Reverse engineering is permitted under Chinese law and not considered a theft of trade secrets. As a result, well drafted technology transfer contracts should include a provision limiting or prohibiting the Chinese party from engaging in reverse engineering.

Last but not least, here are a few final take away messages. First, European SMEs who do not think carefully about how to guard against IP risk when transferring technology to China may unwillingly suffer a loss of competitiveness and market share. It is therefore quintessential to develop a sound IP portfolio and strategy prior to entering the Chinese market. Second, SMEs should refer to the Catalogue for Prohibited and Restricted Technology Imports (the ‘Technology Import Catalogue’) and the Foreign Investment Catalogue to make sure that they will be allowed to bring their technology to China. Third, to protect IP in a technology transfer it is important to make sure SMEs choose the right partners at the outset. It is recommended that companies use IP licenses with their Chinese partners. Fourth, the IP risk associated with particular technology transfer will vary depending on whether the SME is licensing, setting up a JV, or setting up a WFOE. However, in all three of these situations, the goal is the same – to prevent IP from being inadvertently leaked or intentionally misappropriated or misused by a related or unrelated Chinese party.

The China IPR SME Helpdesk is co-funded by the European Union. To learn more about the China IPR SME Helpdesk and any aspect of intellectual property rights in China, please visit the online portal at http://www.ipr-hub.eu/.
Dispute Resolution in China: Latest Developments Impacting Foreign Business

By Dr. Joachim Glatter

Introduction

The recent past has witnessed several significant developments in the People’s Republic of China (PRC) affecting both, the resolution of commercial disputes arising between companies out of their business contracts as well as the settlement of disputes between foreign investors and the State. These developments are often driven by politics or follow international dispute resolution trends. Particularly, the PRC recognizes that a reliable dispute resolution system is an important factor for the success of the Belt and Road Initiative (BRI) and wants to improve legal protection for companies participating in BRI projects. At the same time the weight of Chinese judicial institutions in solving international legal conflicts shall be enhanced. As early as 2015 the Chinese Supreme People’s Court (SPC) outlined this ambition in its high-level Opinions on Providing Judicial Services and Safeguards for the Construction of the Belt and Road by People’s Courts (2015 SPC Opinion).

Commercial disputes

Litigation vs. Arbitration

Traditionally, most cross-border commercial contracts concluded with Chinese counterparts provide for dispute resolution by way of arbitration at a foreign or a Chinese arbitration institution to avoid litigation at national courts. Also, parties to domestic contracts often agree on arbitration which by law (except for disputes between wholly foreign owned enterprises registered in Pilot Free Trade Zones) must be administered by a Chinese arbitration institution. The better-known Chinese arbitration institutions include the China International Economic and Trade Arbitration Commission (CIETAC) and the Beijing and Shanghai International Trade Zones) must be administered by a Chinese arbitration institution. The CICC has jurisdiction over international commercial cases with an amount in dispute of at least RMB 300 million if dispute resolution by the CICC is chosen by the parties. Further, the CICC can e.g. try disputes having a nationwide impact or cases which the CICC considers appropriate to be tried by the CICC. The Procedural Rules for the CICC passed on 5 December 2018 emphasize the possibility of pre-trial mediation. However, if the parties do not agree to mediation, the dispute will be litigated and result in a court judgment. In such case, the concerns compared to arbitration are the same: e.g. all judges must be Chinese nationals (in arbitral proceedings also foreign arbitrators can be appointed) and the enforcement of CICC judgments abroad is less certain than enforcement of arbitral awards. Therefore, though a welcome additional means to solve international disputes, it remains to be seen whether the CICC will ultimately be able to play a substantial role.

Enforcement of arbitral awards

One decisive factor when choosing between arbitration and litigation is the ability of the winning party to enforce an arbitral award or a court judgment. This is a particular concern if the arbitral award or the court judgment is rendered abroad. Enforcement of arbitral awards rendered outside China against Chinese companies became relatively reliable over the years for two reasons: China is a member state to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (NY Convention) and the SPC has adopted an arbitration-friendly attitude. As early as 1986, a prior reporting system was established: Annulling or enforcing an arbitral award is only permissible upon the ultimate approval by the SPC. As of 2018, new SPC provisions have extended the prior reporting system to arbitral awards rendered in domestic cases. This should improve consistency in court reviews of arbitral awards. To prevent an overload of the SPC, these cases shall primarily be handled by the Higher People’s Courts. The SPC will only get involved if the case concerns parties from different provinces or if the intended annulment or refusal to enforce shall be based on public policy reasons.

Enforcement of court judgments

In contrast to foreign arbitral awards, the enforcement of foreign court judgments in China is still much less predictable and uncertain. There is no multilateral treaty on the recognition and enforcement of foreign court judgments comparable to the NY Convention. Therefore, under the Chinese Civil Procedure Law, a foreign party applying for enforcement of a judgment rendered against a Chinese party by a foreign court must either rely on bilateral judicial assistance treaties or on the principle of reciprocity (i.e. base its enforcement claim on the argument that a Chinese court judgment would also be enforced in the respective foreign country). Only very few countries/regions (not including Germany) have concluded bilateral judicial assistance treaties. Therefore, though a welcome additional means to solve international disputes, it remains to be seen whether a PRC court would ultimately be able to play a substantial role.

Impact of China International Commercial Courts

As a strategic part of the BRI, on 1 July 2018, the SPC established the China International Commercial Courts (CICC). Currently there are two CICC tribunals in Shenzhen and in Xi’an, intended to focus on disputes along the Belt and the Road portion of the BRI respectively. The CICC has jurisdiction over international commercial cases with an amount in dispute of at least RMB 300 million if dispute resolution by the CICC is chosen by the parties. Further, the CICC can e.g. try disputes having a nationwide impact or cases which the CICC considers appropriate to be tried by the CICC. The Procedural Rules for the CICC passed on 5 December 2018 emphasize the possibility of pre-trial mediation. However, if the parties do not agree to mediation, the dispute will be litigated and result in a court judgment. In such case, the concerns compared to arbitration are the same: e.g. all judges must be Chinese nationals (in arbitral proceedings also foreign arbitrators can be appointed) and the enforcement of CICC judgments abroad is less certain than enforcement of arbitral awards. Therefore, though a welcome additional means to solve international disputes, it remains to be seen whether the CICC will ultimately be able to play a substantial role.

Perspectives

Like in the last decades the PRC will, also in its own interest and in the interest of Chinese companies, continue to open up to dispute resolution mechanisms and means customary in cross-border business. Foreign investors will most probably benefit and maybe even benefit from this approach, e.g. by making use of improved prospects to enforce foreign court judgments in the PRC or (where necessary) by protecting their investments in China in investor-state arbitration or by possibly initiating a BIT arbitration where the PRC might enter into judicial assistance treaties with additional countries remains to be seen. In any case, it is noteworthy that the PRC participates in the negotiations of a future Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters. Further, in September 2017 the PRC signed (but has not yet ratified) the Hague Convention on Choice of Court Agreements on Enforcement and Recognition of Judgments on Disputes. Though in practice the importance of this Convention is limited because it only applies in the rare case that parties agree on dispute resolution exclusively by a court of a member state, accession to the Convention again signals the general willingness of the PRC to improve mutual enforcement of court judgments.

First emergency arbitration case

Following an international trend, in recent years arbitration institutions such as CIETAC and BIAC introduced regulations on emergency arbitration. Emergency arbitration proceedings shall enable a party to obtain interim measures such as a property preservation even before the arbitral tribunal deciding the case has been constituted. For this purpose, the arbitration institution appoints an emergency arbitrator who shall decide on such measures within 15 days upon accepting his appointment. A much noted first emergency arbitration procedure has been carried out under the BIAC Arbitration Rules of 2015. However, it was special because the measures ordered by the emergency arbitrator were to be taken in Hong Kong and were enforced under applicable law in Hong Kong. Whether a PRC court would enforce interim measures granted by an emergency arbitrator because under PRC law only PRC courts (and not arbitration institutions) can grant interim measures. Arbitration institutions can only forward applications for interim measures to the competent court.

Investor – State disputes

Different from commercial disputes between companies, investor-state disputes relate to claims raised by foreign investors against the State holding their investment based on bilateral investment treaties or international investment law. Enforcing these claims can be difficult because foreign courts will enforce PRC court judgments. Whether foreign courts will enforce PRC court judgments or not depends on reciprocity. This would improve at the same time the likelihood that foreign parties to be administered by any of these Chinese arbitration institutions. The Procedural Rules for the CICC passed on 5 December 2018 emphasize the possibility of pre-trial mediation. However, if the parties do not agree to mediation, the dispute will be litigated and result in a court judgment. In such case, the concerns compared to arbitration are the same: e.g. all judges must be Chinese nationals (in arbitral proceedings also foreign arbitrators can be appointed) and the enforcement of CICC judgments abroad is less certain than enforcement of arbitral awards. Therefore, though a welcome additional means to solve international disputes, it remains to be seen whether the CICC will ultimately be able to play a substantial role.

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By ZHAO HANG

“We didn’t see this coming”, Bill Dr Melinda Gates’s 2019 annual let-
ter listed nine big surprises which include many social/environmental
events from devastating natural disasters to sexist data. Although
the nine surprises are not focused on China but most of them are
worldwide issues and one in particular is about climate change: “By
2060, the number of buildings in the world is expected to double.
That means the world will build an entirely New York every month
for the next 40 years.” This would definitely exacerbate climate change.
Climate change was also on a center stage during this year’s Davos.
The 14th edition of the Global Risks Report examines the evolving macro-level risk landscape and highlights major threats that
can disrupt the world in 2019 and over the next decade. The report
disclosed that humanity was ‘sleepwalking its way to catastrophe’ as
extreme weather, failure to act on climate change, and natural disas-
ters topped the list. The report also presented a worrying picture of the
deep interconnections between these environmental risks and the
level of human health, economic growth, and security.
It seems that 2019 is off to a rocky start. During the China annual
Central Economic Work Conference in January, President Xi Jinping
said: “The world is facing unprecedented changes in a century, bring-
ing both challenges and opportunities”. Companies in China whether
SOEs, MNCs or private companies will be having the same challeng-
es. It is often the case that when facing a tough business outlook,
companies are less likely to make efforts in CSR. However, it is also
essential not to ignore some of the important CSR issues associated
with business.
Every year SynTao (a Beijing based CSR consultancy) will make a
forecast on CSR trends and it is to help companies to look at their
CSR related issues with more of an understanding of what’s going on
and to plan their strategies ahead. The following information is based on
SynTao Consulting’s 10 CSR Trends.

Trend 1: Comprehensive CSR Countermeasures in the Era of Global
Conflicts
Global economic progress is facing uncertainty caused by trade
protectionism and political upheaval. When business environment
becomestableitismoreimportanttolookatyourCSRissueswith
caution:
• Strengthen Compliance Management. Identify and evaluate ESG
risks, deliver training to enhance employees’ awareness and ca-
pacity on compliance and risks management, Emphasize internal
culture and management.
• Benchmark with SDGs. Expand and upgrade traditional business
philosophy - Transform SDIs into corporate goals and actions - Ap-
ply SDIs framework for information disclosure
• Focus on Community Development & Gain Social Licenses to Oper-
ate. Integrate community development into corporate decision-
making and management process - Partner with local associations,
media, NGOs, etc. for community development - Community vol-
teer activities
Trend 2: Chinese Oversea Investment Synergizes with Chinese De-
velopment Aid
While China is pouring investment into Belt & Road countries, foreign
aid has not been neglected. In 2018, the China International Devel-
opment Corporation Agency (CIDCA) was set up to oversee strategic
guidelines and policies on foreign aid. This would put more weight on
Chinese companies’ overseas CSR efforts. When Chinese companies
invest abroad, they need to have a mutually beneficial ‘win-win’ con-
cept. It is also seen that industry associations, business associations
and industrial parks will continue to act as bridges to new opportu-
nities, build communication and training platforms. Local community
engagement has become more important and prominent for Chinese
companies going abroad.
Trend 3: Efficient CSR Strategy under Economic Pressure
According to Reuters, China’s economic growth is expected to slow
down to 6.3% in 2019, which will be the weakest in 29 years. This
calls for a more focused and efficient CSR approach. We have already
seen news on companies laying off employees such as Foxconn. La-
bor intensive companies need to look at labor rights issues carefully:
• Reprioritizing stakeholders and key CSR issues.
• Design CSR programs to fit with business strength. This is the core
of strategic CSR which ties with your core business value.
• Use CSR programs to create shared values. This requires coopera-
tion with business units or other functions.
Trend 4: In-depth Poverty Alleviation with Corporate Strength
Needless to say, China’s success on poverty reduction has not gone
unnoticed. According to world bank, in total, more than 700 million
Chinese people have been lifted out of poverty since 1978. Many
companies in China, SOEs, in particular, would have included poverty
reduction as their main CSR efforts since 2015. In 2017, a total of
864 listed companies in the Shanghai and Shenzhen stock exchanges
disclosed poverty alleviation information & carried out more than
4,300 industrial poverty alleviation projects with an investment of
RMB 20.8 billion.
Trend 5: Strict Pollution Control with Considerate Approaches
Chinese government initiated a national wide inspection on Air, Wa-
ter and Soil pollution and the inspection will be toughened in the fu-
ture. Businesses will be facing huge pressure to meet environmental
compliances as the war on pollution continues:
• Companies under ongoing pressure by Air, Water and Soil Pollution
Inspection from Government and NGO
• Coordination of Environmental Protection and Economic Develop-
ment
• Green Supply Chain Management throughout whole life cycle
Trend 6: ESG Reporting Guide for A Share Listed Companies
China Securities Regulatory Commission (CSRC) proposed “to es-
tablish an ESG reporting system for listed companies”. The Shanghai
Stock Exchange (SSE) has added eight industry information disclo-
sure guidelines, making a total of 28 industry reporting guidelines.
SSE also developed five principles for sustainable stock exchanges.
This trend will lead to Quantitative CSR Management.
Trend 7: Corporate Foundations Becoming New Force of Philanthropy
In recent years, more and more companies have registered charitable
foundations. Although registration thresholds may increase in the
future, the increasing trend remains unchanged. We have seen two
main reasons for setting up corporate foundations. One is for corpo-
rate branding and showing long lasting commitment to the society.
Second reason is aiming to achieve a more professional and better
outcome.
Trend 8: Double-edged Sword of Internet: Innovation vs. Account-
ability
AI, VR, 5G, blockchain are not only the buzz word in the world of
business, these new technologies have also been used to create in-
novative philanthropic models by internet companies such as China’s
big data giants Baidu, Alibaba and Tencent. Ant Financial announced
their Environmental “Ant Forest” in 2016 and soon became very
popular, according to data from Ant Financial “Until May 2017, there
was about two hundred million users in Ant Forest, equivalent to 3% of
the world’s population. Until August 2017, 1.22 million tons carbon
emissions have been reduced totally and 10.25 million entity trees
have been planted. While companies are continuing to embrace new
technology to create innovative programs they should also be aware
of the needs for internet governance & accountability is also rising.
Trend 9: Increasing Trends for Sustainable Lifestyle
We can all agree that consumers have power to influence business,
however, to what extent can consumer influence sustainable con-
sumption? 2018 Yili China Sustainable Consumption Report reveals
that 80% of consumers are aware of sustainable consumption and
are forming the habits in areas of environmentally-friendly clothing,
energy-saving and water-saving appliances, using public transportation,
and rejection of disposable tableware. Consumer’s awareness in sustainable lifestyle is increasing and in first tier cities like
Beijing and Shanghai government is pushing for waste sorting and
North China

Deutsche Wirtschaftsberatung

Spring 2019 Spring 2019

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In September 2018, a delegation of the Tianjin Commission of Commerce visited the headquarters of Leybold in Germany. The delegation was accompanied by Ms. Zhu Xuejun, General Manager of Leybold Tianjin. The visit started off with a warm welcome by Mr. Koen Lauwers, President of the Leybold Headquarters in Germany. The delegation was guided through the Leybold showroom and the Häfele Logistics Center. TATA Wooden Door presented the company’s history and development in China, as well as investment incentive policies.

Siemens and Mino Equipment Enter into Global Strategic Cooperation
Siemens signed a global strategic cooperation agreement with Guangzhou Mino Automotive Equipment Co., Ltd. on 11th December 2018, to enhance their partnership in digital business across the world. Both parties will bond their advantages in their respective fields, joining hands to establish innovation center, promote digital business, and expand global market. The two parties will enter a long-term strategic partnership on the digital business development of equipment manufacturing industry, and jointly enable intelligent equipment manufacturing industry.

New Investment of Bader Group in China
On 8th November 2018, Bader Automobile Interior (Jiangsu) Co., Ltd. held the founding ceremony of its new wholly owned subsidiary at Sutong Science and Technology Industrial Park, Nantong. “We have worked on producing leather for nearly 150 years, focus on internationalization and keep a close contact with our customers to provide perfect solution for every application. We try our best to make Bader a synonym of high level and quality,” says Mr. Bader, President of Bader Group.

TATA Wooden Door Visited Häfele Headquarters in Germany
In November 2018, a delegation of TATA Wooden Door Company visited Häfele headquarters in Nogold, Germany. The delegation was hosted by Ms. Thierer, CEO of Häfele Global and Mr. Huber, General Manager of Häfele Global. The delegation was guided through the Häfele showroom and the Häfele Logistics Center. TATA Wooden Door presented the company’s history and development in China. The two companies agreed on further cooperation.

Linde Wins the Golden Chain Award of China Cold Chain Industry
Linde China was invited to participate in the China Cold Chain Industry Annual Meeting, held in Zhengzhou from 28th to 30th November 2018. The award for “Top Ten Warehousing Equipment Suppliers” was received by Ms. Liu Ying, Senior Manager of Industry Development of Linde China. Additionally, she presented the topic “Intelligent and Efficient Cold Chain Material Handling Solution” and introduced Linde’s mature cold storage protection technology to the audience.

Family Medicine Physician Dr. Christian Lemm Joins Beijing United Family Hospital
In January 2019, family medicine physician Dr. Christian Lemm transferred from the Shunyi Clinic to Beijing United Family Hospital. Dr. Lemm now sees patients at the main Beijing United Family Hospital campus. He earned his medical degree from the Heinrich-Heine University, Düsseldorf. Over 25 years of medical experience in general practice, one of Dr. Lemm’s main medical interest is sports medicine.

On 18th December 2018, Airbus has delivered the 400th A320 Family aircraft from its Final Assembly Line Asia (FALA) in Tianjin, China. The A320neo was delivered to national flag carrier Air China, based in Beijing. It marks another important milestone, which Airbus Tianjin has reached since its first delivery in 2009. This milestone is also a tribute to the excellent industrial cooperation and partnership between Airbus and the Chinese aviation industry.

Mercedes-Benz’ Bespoke Lifestyle Platform to Debut in Southwest China
Following the success of its flagship opening in Beijing and the second debut in Shanghai, Applied Brand Solutions is working closely with Mercedes-Benz to add a third Mercedes me Store to its growing national network. Scheduled to open in spring 2019, the new Mercedes me Store at Taikoo Li, Chengdu will delight customers with new food and beverage concepts. This includes the Brew Haus, an artisanal craft brewery and a multi-purpose social venue called SiFangSanChuan, that will showcase a culinary philosophy incorporating Southwest cuisine styles. The store will also display future concept of Mercedes-Benz car models, with product concierges on hand to facilitate test-drives and enhance product understanding.

Riviera Beijing was pleased to support a number of client events in and around the city in 2018, including the memorable Marriott, Yao Foundation Charity Gala. Spearheaded by the famous Chinese basketball star player, Yao Ming, the Yao Foundation’s mission is to raise funds to support children who are passionate about playing basketball but are unable to financially support their athletic endeavours. The gala welcomed over 300 valued guests and partners who were equally dedicated to the cause. Attendees were thoroughly entertained by a myriad of light performances and live music at the Renaissance Beijing Capital Hotel.

DBEST Initiated its ISO Certification Process
To strengthen its operation standardization, improve its management efficiency, and increase its market competitiveness, DBEST (Beijing) Facility Technology Management Co., Ltd. applied for ISO integrated certification (ISO9001, ISO14001 and ISO45001) to Tüv Süd (China) in 2018. In June 2018, the first optimized edition of ISO documents was released. In November...
New Members North China

Ms. Barbara Seidlmann
Managing Director
5 Star Plus Retail Design (Beijing) Ltd.
0 10 5624 4890
barbara.seidlmann@5starplusdesign.com

Ms. Elvin Yilmaz
Head of Foreign Trade
Rheinhessen Chamber of Commerce and Industry (CCI)
0 049 61312620
elvin.yilmaz@rheinhessen.ihk24.de

Ms. Yongjuan Cai
General Manager
Volert Commercial (Beijing) Limited.
0 10 5864 6738
yongjuan.cai@volert.com.cn

Mr. Tilman Leidinger
CEO
Keysight Technologies China Co., Ltd.
0 10 6532 5600
rafael.leidinger@keysight.com

Mr. Xiaokuan Zhang
COO
TÜV Rheinland (China) Ltd.
0 10 8532 5800
xiaokuan.zhang@tuv.com

Mr. Cynthia Waldorf
Private Membership - Young Professional
0 049 61312620
cynthia.waldorf@infrontsports.com

Kempinski Concertini Shines its Spotlight on Young Local Artists at Kempinski Hotel Beijing Lufthansa Center On 13th January 2019, guests and visitors to Kempinski Hotel Beijing could experience beautiful performances from aspiring local young musicians right from the hotel lobby. The young musical talents performed at the hotel in a mini concert series called Kempinski Concertini. The local young and gifted musical stars all reign and thrive in the craft of musical rhythm and precision. The program will continue every last Sunday of the month. The culture initiative is meant to support up-and-coming talented young artists from musical school in the local community. Qualified young artists under the age of 28 are eligible to submit their portfolio for a chance to be featured in the lobby stage.

Mackevision Creates Asia Pacific Region Led by Beatrix Frisch Mackevision, the producer of computer-generated imagery (CGI), continues to strengthen its presence in Asia. Mackevision created the Asia Pacific region under a new global organization, consisting of China, South Korea and Japan. The three offices combine over 100 team members who will continue to bring the company’s services of data-based product visualization, web configurators, retail and virtual shopping experiences to regional and global clients in Asia. As part of the reorganization, Ms. Beatrix Frisch, Mackevision China General Manager, is promoted to Asia Pacific Regional Director. She will remain based in Beijing and continue to cover the role of General Manager China. Mr. Johanns Hammesfahr takes over the position of Regional Lead for Delivery, overseeing the overall production of CGI services. The reorganization reflects the next step for integration into the Accenture systems since Mackevision was acquired on global level in February 2018.

In December 2018, DRAHLMAIER China and Liaoning Lishou Comcon -rail jointy launched the project “Professional Etiquette Training for College Students”. Also in 2019, DRAHLMAIER China continues to shoulder corporate social responsibility with a focus on young talents. Just recently, DRAHLMAIER China donated 20 computers to Lishou, to support their migrant children service sites in Liaoning province and Dr. Kian Mossanen, Chief Information Officer of DRÄXLMAIER Group and global clients in Asia. Mackevision was acquired on global level in February 2018.

2018, Tuv Sued finished the first stage of ISO audit at DBEST with very positive feedback both in Beijing and Shanghai. The last stage of the audit has begun in January 2019 and DBEST expects the final result with full optimism.

DRAHLMAIER China Focus on Young Talents

In December 2018, DRAHLMAIER China and Liaoning Lishou Comcon jointly launched the project “Professional Etiquette Training for College Students”. Also in 2019, DRAHLMAIER China continues to shoulder corporate social responsibility with a focus on young talents. Just recently, DRAHLMAIER China donated 20 computers to Lishou, to support their migrant children service sites in Liaoning province and Dr. Kian Mossanen, Chief Information Officer of DRÄXLMAIER Group and global clients in Asia. Mackevision was acquired on global level in February 2018.

Supervisor Ms. Zheng Cui

11th October 2018
Event: Seminar in Beijing
Topic: Update on FDI, M&A and Financing Rules
Venue: German Chamber of Commerce in China - North China - Beijing
Speakers: Dr. Falk Lichtenstein | Partner at CMS China

13th October 2018
Event: Young Professional Event in Beijing (Media Partner)
Topic: Hack the Community HACKATHON
Venue: Innojoy Beijing

18th October 2018
Event: Special Event in Beijing
Topic: Oktoberfest
Venue: Paulaner Brauhaus, Kempinski Hotel Beijing Lufthansa Center

18th October 2018
Event: Seminar in Tianjin
Topic: Data Analysis in The Age of Big Data
Venue: The Astor Hotel Tianjin
Speakers: Ms. Yanbin Liu | Microsoft Office Professional Trainer and Microsoft Certified Partner at Eddic Training

19th October 2018
- 11th November 2018
Event: Special Event in Beijing
Topic: Dance Class Et Practice
Venue: Ming Wu Hui, Beijing

25th October 2018
Event: Seminar in Dalian
Topic: Managing China Custom Affairs and International Trade
Venue: Kempinski Hotel Dalian
Speakers: Ms. Georgy Ge | Manager at PwC Worldwide Management Services, Beijing Office; Mr. Ryan Wu | Senior Manager at Worldtrade Management Services, Beijing

31st October 2018
Event: Kammerstammtisch in Tianjin
Venue: Drei Koenen 1308 Brauhaus Tianjin
On 19th October 2018, the German Chamber of Commerce - North China in Tianjin hosted an informative and interactive seminar on the topic of “Reforming IIT: Highlights of the Draft Regulation” at Four Seasons Hotel, Tianjin.

On 31st August 2018, the “Decision of the Standing Committee of the National People’s Congress (“NPC”) on Amending the Individual Income Tax Law of the PRC” was finally passed during the Fifth Session of the Standing Committee of the 13th NPC. The amendment involves all major provisions in the IIT Law. In order to have both employer and employee prepared for the upcoming changes, our special seminar featured speakers from PwC to share their interpretations and insights on the new IIT law with topics like: re-definition of Residence and Non-residence and the relevant impact; the potential impact of the new comprehensive filing on the existing tax and remuneration arrangement; and the challenges of the new special deduction items etc. to employer and employee.

On 23rd October 2018, the German Chamber of Commerce in China - North China cordially invited its members to a Kammerdinner to welcome the new German Ambassador to the German-Chinese business community in Beijing and North China. In September 2018, Dr. Clemens von Goetze was appointed as new German Ambassador to China at the German Embassy in Beijing. He delivered a keynote speech on the Asia policy of the German Federal Government and the role of China, followed by news from the German Chamber. Afterwards, a buffet dinner and drinks were served, and the attendees had the chance, to meet and connect with the new German Ambassador.
On 30th October 2018, the German Chamber of Commerce – North China was honored to be the only foreign chamber to host an information event together with the State Administration of Taxation China (SAT) and the Beijing Municipal Taxation Bureau to present the new tax regulations to foreign companies. More than 50 members and several officials joined the morning seminar.

The participants were informed on the changes in the tax authorities’ structure and resulting taxation procedures, temporary waiver for withholding income tax for overseas investors in direct investments with distributed profits, and the Individual Income Tax Reform.

Furthermore, the founding of the new working group German Chamber Finance & Taxation, that aims to shape the exchange between the Taxation Office and Chamber members and to share relevant information, was announced during the seminar.
The German Chamber of Commerce – North China, the European Chamber and AmCham China in Tianjin organized an exclusive company tour in the TEDA Automotive Industrial Park on Tuesday, 27th November 2018.

The first stop on the tour was the FAW-Volkswagen North China base. With a total investment of nearly RMB 19.5 billion, the FAW-VW factory covers 1.08 millionm² and plans to produce new SUV models such as the A-SUV (TAYRON) and the new Audi Q3. The second stop was Changchun Faway Adient Automotive Systems Co. Ltd., Tianjin Branch. The company invested RMB 210 million to build a 31,784m² branch with a production capacity of 300,000 sets of seats, DP and IP. The close proximity of FAW-Volkswagen and Changchun Faway Adient allows the companies to reduce logistics related costs, increase efficiency and reduce CO₂ emissions related to transportation costs. The tour ended at the TEDA Automotive Industrial Park Information Center.

On 29th November 2018, the German Chamber of Commerce - North China organized a company visit to Borgward. After bus transfer to the Borgward plant in Shunyi district of Beijing, Borgward representatives welcomed the group of around 35 German Chamber members. After an introduction of the company, the visitors were guided to have a look at the construction of Borgward cars in the plant. Moreover, a test drive was offered to interested visitors. The flexible and intelligent plant in Miyun is built based on Germany’s Industry 4.0 standard, which covers complete whole vehicle production processes, including stamping, body, painting, general assembly, detection, logistics, IT, etc. It can undertake production tasks of both conventional vehicles and new energy vehicles. It meets the detection and future upgrading requirements for intelligent driving assistance (IDAS) and Telematics set in EU, North America and China standards.

On 30th November 2018, the German Chamber of Commerce – North China invited members to take part in a special test drive experience with Volkswagen SUV cars on an off-road test track at Qian Mountain near Shenyang. Various test drive environments and obstacles were prepared for the participants, in cooperation with Volkswagen Regional Sales Division Northeast, to simulate a realistic cross-country experience with the all-new Volkswagen 4x4 TAYRON SUV. During the test drive all test drivers were able to practice their off-road driving skills and the vehicle’s support functions for quick turns, ramp up, bridge crossing as well as driving on unsecured roads in the woods with strong slopes or downhill tracks. Professional driving instructors were present at all time for safety reasons and introduced the participants to the various car’s driving and support functions. Finally, all guests were invited to enjoy a coffee break with snacks at the location to get to know each other better and exchange the newly gained experiences.
On 4th December 2018, the German Chamber of Commerce - North China presented its members in Shenyang the results of the annual Business Confidence Survey (BCS) for the first time. The BCS is a key indicator for the business sentiment of German companies nationwide. This year’s survey assessed the impact of the current trade dispute on business operations, changing investment behavior, pressing regulatory and operational business challenges, and German companies’ stance on intellectual property rights and technology transfer in China.

The results of the BCS were presented by Mr. Jens Hildebrandt, Delegate & Chief Representative at Delegation of German Industry & Commerce in Beijing and took place at the Liu Hong Dian Museum of Architecture in Shenyang. The local facility was selected due to its interesting history and pleasant atmosphere. As a former district heating plant, the location was closed down in 2012 but reopened in 2017, after extensive renovation and accommodates now a fully equipped design museum. At the time of the event the museum also hosted an exhibition of the German architecture office Nickl & Partner from Munich (HEALING ARCHITECTURE), which has designed various construction projects in China. After the Q&A session the presentation ended with a relaxed get-together and exhibition gallery walk with standing buffet dinner and drinks where all guests took the opportunity to exchange ideas and shared own experiences.

The German Christmas Market organized for and attended by the German community in Shenyang at Bar 11 took place on 5th December 2018. This traditional Christmas event organized by volunteers from local German companies and the German Chamber of Commerce North China in Shenyang once again enjoyed greatest popularity among the local community. The event attracted around 350 guests this year to celebrate this beautiful season of the year with family and friends and the traditional German Christmas market atmosphere. German delicacies such as the traditional German ‘Glühwein’ (hot mulled wine), home-made Christmas cookies, German sausages and other seasonal offerings were available, thus following the tradition of an authentic German Christmas market. Santa Claus came early this year to sing Christmas songs together with students from the German school choir and handed over sweets and presents to the children. As in the years before, all proceeds were donated to support local charity projects.
The German Chamber of Commerce in China - North China together with the German Centre for Industry and Trade Beijing invited their members, tenants, business partners and friends to their annual Charity Christmas Event on 6th December 2018 to celebrate the Christmas season with tasty snacks and various Christmas drinks. An eyecatcher was the “Feuerzangenbowle” which was prepared while the 1944 German classic movie of the same name was shown as one of the evening’s highlights creating a perfect Christmas feeling.

The collected donations from this Charity event are going to a charity project that supports migrant workers’ children at the Hong Qi primary school in the outskirts of Chaoyang District. This school’s dedication is to provide education for migrant workers’ children, whose parents are mostly extremely poor and thus struggle to afford the school fee. The total donation amount of this year was RMB 14,339.00. The money will be used to cover the costs for learning materials, food for the children and other school equipment, such as classroom furniture.

Special thanks go to our sponsors: Kempinski Hotel Beijing Lufthansa Center, Wirtschaftsjunioren Beijing, Home Sick Box, Villa Castanea, Sennheiser and Bodensee Kitchen.

Last but not least, we thank all of our generous guests for joining this great event for a good cause!

On 10th December 2018, the German Chamber of Commerce in China - North China hosted a Kammerdinner with Dr. Martin Wansleben, General Manager of DIHK (Association of German Chambers of Industry and Commerce) at Kempinski Hotel, Beijing. All five Delegates from the Greater China area, as well as 60 members and guests attended the event. In his keynote speech, Dr. Wansleben addressed a range of topics such as China-US trade dispute, Brexit and upcoming challenges for Germany and Europe.

This event was the kick-off for a series of HR Roundtables regularly organized by AHK Beijing. It provides the chance for General Managers and HR leaders in China to not only network but to also exchange ideas and best-practice HR solutions. The first HR Roundtable’s topic was recruitment, where everything starts. To hire the right people as quickly as possible decides to a big extent the future success not only of the newly hired colleagues, but of the whole company. Dr. Prüfer and Ms. Mao of AHK Beijing, who have a combined experience of 30 years in HR and recruitment, led this first HR Roundtable, in which job advertisements, candidates’ résumés, interview preparations, personality analysis, performance forecast, final assessments and the best use of Social Media, such as WeChat, were discussed.

Regular Social Events in North China

Beijing:
Praktikantenstammtisch – every second Tuesday of the month at 7:00pm in varying locations (Please visit the event calendar on our website or subscribe to our Newsletters and Invitations)

Tianjin:
Kammerstammtisch – every last Wednesday of the month at Drei Kronen 1308 Brauhaus, Tianjin 7:00pm

Shenyang:
Kammerstammtisch – every second Tuesday of the month at 7:00pm in varying locations

Note: Please always find the latest event calendar on our website: https://china.ahk.de/membership/north-china/
Joint Business Confidence Survey Press Conference in Beijing

This year’s Business Confidence Survey (BCS) revealed a subdued business outlook and a challenging regulatory environment for surveyed German companies operating in China.

On 27th November 2018, the German Chamber of Commerce presented the findings of the yearly survey at a joint press conference in Beijing with all three Chairpersons: Dr. Stephan Wolkenstein, Chairperson of the German Chamber of Commerce | North China, Ms. Bettina Scholz, Chairperson of the German Chamber of Commerce | Shanghai, and Mr. Ulf Reinhardt, Chairperson of the German Chamber of Commerce | South & Southwest, as well as Mr. Jens Hildebrand, Executive Director of the German Chamber of Commerce | North China, Delegate and Chief Representative of the Delegation of German Industry & Commerce Shanghai, and Ms. Simone Pohl, Executive Director of the German Chamber of Commerce | Shanghai, Delegate and Chief Representative of the Delegation of German Industry & Commerce Shanghai.

Dr. Clemens von Goetze, Ambassador of the Federal Republic of Germany to China, gave a keynote speech at the opening of the press conference. The event was attended by more than 30 Chinese and German journalists.

The BCS is a key gauge for measuring the business sentiment of German companies operating in China and one of the most relevant tools used for the Chamber’s advocacy engagement.

8th German Soccer Championship Beijing, 25th May 2019

The 8th German Soccer Championship under the patronage of the German Embassy will take place at the British School of Beijing in Shunyi on 25th May 2019. The event will feature Sino-German companies competing for the Beijing Cup. Enjoy a great day with colleagues, family and friends with German BBQ and Chinese specialties, exciting kids’ program, music and other fun activities. Try your luck at the target shooting competition "Towardschellen" and win prizes provided by the participating companies and the German Chamber "GC DEALS" partners or let your kids join our soccer school provided by Bayer 04 Leverkusen. Join this all-day soccer tournament, cheer for your favorite team and witness who takes home the trophy this year. Companies interested in sponsoring the event are welcome to contact Ms. Johanna Heitzmann at: heitzmann.johanna@bj.china.ahk.de or +86-10-6539-6664.

New Head of Media & Communication at the German Industry & Commerce Greater China | Beijing

As of October 2018, Ms. DU Jing has been appointed as Head of Media & Communication of the German Industry & Commerce Greater China | Beijing. Since joining the AHK in Beijing in 2016 as Sales & Online-Marketing Manager of Media & Communication, Ms. Du has contributed greatly to the optimization of AHK’s channels of external communication and has been always consulting clients to their most satisfaction on matters related to marketing and communication. She holds a master’s degree in Intercultural German Studies from Friedrich-Schiller-University Jena and a bachelor’s degree in German Studies from Zhejiang University. She also contributes several years of professional experience in the field of marketing. In her new position, Ms. Du will be responsible for overall planning and developing the marketing and PR services for German (and other) companies. Please feel free to contact her at: du.jing@bj.china.ahk.de or +86-10-6539-6662.

Beijing Training Calendar April – June 2019

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>4th April</td>
<td>Tendering Logistics Services (CN/EN)</td>
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<tr>
<td>4th–5th April</td>
<td>Advanced Presentations (EN)</td>
</tr>
<tr>
<td>11th–12th April</td>
<td>Effective Communication (CN)</td>
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<tr>
<td>15th–16th April</td>
<td>Creative Problem Solving and Decision Making (CN)</td>
</tr>
<tr>
<td>18th–19th April</td>
<td>Effective Cross-Functional Cooperation (CN/EN)</td>
</tr>
<tr>
<td>22nd April</td>
<td>5 Charts &amp; 2 Lists to Make Project Planning Easy (CN/EN)</td>
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<tr>
<td>23rd–24th April</td>
<td>Professional Recruitment and Interview Skills (CN)</td>
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<tr>
<td>25th April</td>
<td>Mind Mapping - How to Use This Tool Successfully in Your Work (CN/EN)</td>
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<tr>
<td>6th May</td>
<td>European Business Etiquette (CN/EN)</td>
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<td>7th May</td>
<td>Emotional Intelligence (EN)</td>
</tr>
<tr>
<td>9th–10th May</td>
<td>Management Transition &amp; Managing Performance (CN/EN)</td>
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<tr>
<td>14th–15th May</td>
<td>Business Writing and Influencing (EN)</td>
</tr>
<tr>
<td>16th–17th May</td>
<td>Dynamics of Motivation (CN)</td>
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<td>20th–21st May</td>
<td>Project Management Essentials (CN)</td>
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<tr>
<td>25th–26th May</td>
<td>Empowering Your Support Staff (EN)</td>
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<tr>
<td>3rd–4th June</td>
<td>Leading in Different Scenarios (CN)</td>
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<tr>
<td>10th–11th June</td>
<td>German Business Culture - Successful Cooperation with German Colleagues &amp; Business Partners (EN)</td>
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<td>13th–14th June</td>
<td>Supervisory Management Skills (CN)</td>
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<tr>
<td>17th–18th June</td>
<td>Intercultural Conflict Management - German &amp; Chinese Perspectives (CN/EN)</td>
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<tr>
<td>20th–21st June</td>
<td>Global Leadership &amp; Talent Development (CN/EN)</td>
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<tr>
<td>22nd–23rd June</td>
<td>Operation &amp; Decision-making: Sand Table (CN)</td>
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5 Charts & 2 Lists to Make Project Planning Easy 22nd April 2019

When it comes to project management, there are plenty of planning tools. Finding a simple tool can be as challenging as coordinating a project. The course will introduce you the five most efficient charts and two lists that will make your project planning easy.

Target Group
All employees who have interests in project management.

Empowering your Support Staff 23rd–24th May 2019

In order to empower your support staff to work independently, this two-day workshop will provide them with the opportunity to improve their skills covering time management, problem-solving, business writing and communication skills. More importantly, they will learn how to deal with challenges in teams. Participants will engage in practical activities and be given tools and templates applicable to their daily jobs to build confidence and to enhance the representation of their organizations.

Target Group
Executive Assistants, Secretaries, Office Managers, Team Assistants.
Thanks to Our Yearly Sponsors 2019

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REGIONAL NEWS | Shanghai | Member Affairs

Regional News | Extension of almost 2,000m
Suzhou / SIP, another milestone was completed on 18 December 2018. By the Brueckner Group’s PRC headquarters in Shanghai’s Pudong district to be closer to the German community in China. It offers the opportunity for exchanging knowledge and experience with customers, industry experts and other institutions.

Fiducia Appoints New Project Manager of Executive Search
Fiducia has appointed Alexander Vnuk as the new Project Manager of Executive Search. In order to further strengthen the support of their German clients, Fiducia has chosen a dedicated native German speaker to lead the team. Mr. Vnuk has extensive experience in recruiting projects and more than ten years of experience in China. This gives him an excellent understanding of both the Chinese and European business environment and working culture. His outstanding track record in finding highly qualified employees under challenging circumstances will ensure that Fiducia continues to provide a high-quality service to its clients.

New Opportunities in Xi’an for ebm-papst:
On 13th July, the founder and CEO of the Hape Group, Peter Handstein, and the Director of the Ningbo Beiwin Education Bureau, Wang Mingliang, signed an agreement on the establishment of a newly constructed site in the Shanghai International Academy Ningbo (AIAN) School, which marks a new beginning for AIAN and a remarkable step for Hape Group in the area of education. As Peter Handstein believes, “Children account for 20% of society today, but they are 100% of the future.” Education and care for children is the foundation of future development both for individuals and the whole society. Co-running AIAN and investing in education is the natural result of Peter’s aspirations and a remarkable step for Hape. While cooperating with Beiwin Education Bureau, the Hape Group will strive to build AIAN as an ideal place for study and growth and open this up to more children.

MAN Diesel & Turbo Becomes MAN Energy Solutions
MAN Diesel & Turbo has been in the Chinese market for many years and has successfully extended its presence in China. The company has been very active in the Chinese market and has established a strong presence in the country. The company’s focus is on providing complete solutions for the energy sector, with a strong emphasis on offshore applications. MAN Diesel & Turbo has been successful in winning several large-scale contracts in China, including the construction of offshore platforms and oil and gas production facilities.

According to MPS’s motto “We follow our clients around the world”, they ended 2018 being present in a total of eleven countries. In addition to the “classic globalization countries” China, India, Mexico, Poland and Romania, they also planned and built in Bosnia, Serbia, Russia, Switzerland, and the Czech Republic. They are also proud to have realized several construction projects in Germany, which ranged from office modifications to a new logistics center. This year, they are looking forward to new exciting challenges in known and new countries.

Sailing - Busch China Hosts Three Global Meetings
Busch China successfully held three global meetings successfully in October and November 2018: “Asia Pacific Sales Meeting 2018” and “Medium and High Vacuum Meeting 2018”. Mr. Sami Busch and Mr. Kay Busch, members of the Busch family, were invited to attend the meetings and have a lively discussion with the employees from the Asia Pacific region. The participants highly praised these meetings. Because of the advanced facilities and rapid development of the vacuum industry, Busch China will become the meeting center of the Asia-Pacific region and host more large-scale meetings and events in the future.

With the ability to triple the current rate of production in China, the new production plant in Xi’an will help to meet the growing demand for ebm-papst products in Asia. The new facility will enable the company to better serve its customers across Asia, Europe and Africa. With increased production and product development capabilities, the new facility will allow ebm-papst to further implement their “Local for Local” strategy within China.
Asian Tigers Mobility Opens its 11th Office in Mainland China

On August 2018, Asian Tigers Mobility has opened a new office in Nanjing. Nanjing is the eleventh office of Asian Tigers Mobility in mainland China. Asian Tigers Mobility Country Manager for mainland China, Jason Will, commented “Nanjing is increasingly becoming an important destination for our clients, and whilst we have been able to service Nanjing in the past from Shanghai, our volume of business there now justifies that we set up full-time presence there. We look forward to providing even higher levels of services to our Nanjing clients by our Nanjing team.”

2018 LPKF China “Da Nang” Team Building

LPKF China had a wonderful team building in Da Nang (Vietnam) in November 2018. Employees from four offices all over China participated in this exciting annual outdoor event, which was a lot of fun. Leading by the slogan “Prevision is our Passion”, all team members shared great experiences and happiness in achieving their 2018 targets. Like in LPKF’s real business world, Howard Li, Managing Director of LPKF China continuously incorporated the concept “Enjoy fun and win in competition” in the event. Last but not the least, everyone enjoyed the natural and beautiful landscape.

SINOSERV Welcomes Mr. Adson Wong as Technical Director for its New Automation Services

In order to enhance their portfolio for industrial service, SINOSERV is pleased to announce that Mr. Adson Wang is now part of the SINOSERV team. Mr. Wang’s future position will be Technical Director and with his help, SINOSERV will now be able to provide new services in the field of automation. “As we have high demand from customers asking for our support in the fast-growing automation area, we believe that providing these new services offers a tremendous growth opportunity” Mr. Torsten Schiermer, Managing Director of SINOSERV, explains. “We are very excited to have Adson on our team. He is a very experienced Senior Manager, reinforcing our role as a reliable partner and enable us to offer better solutions for complex machine installations” Mr. Steven Chen, General Manager of SINOSERV, added.

Joint Forces of Transport Logistic China and LogiMAT China from 2019 in Shanghai

On 23 November 2018, KUKA Systems China was recognized for its high level in quality management, financial performance and project management, product quality and other aspects. “The two international premium brands KUKA and Volvo can look back on a long tradition of cooperation. Thanks to Volvo for many years of trust in KUKA. I hope that we will continue to achieve even more success together in the future.” Jiangbing Wang, CEO KUKA China said.

New Partner Joins CMS, China

CMS, China Shanghai Office has strengthened its Real Estate Sector Group with new partner Dr. Oliver Maaz. As an experienced Chinese lawyer, Dr. Maaz specializes in real estate, corporate law and commercial law. He has been providing comprehensive legal advice to foreign companies in China for more than 12 years. The expansion of this experienced and well-regarded IP team led by Clyde & Co Partner and Head of the China IP Practice Elliot Pagangrijo, who joined Clyde & Co in 2017, reflects the continued strategic expansion of Clyde & Co IP practice in China and in key locations around the globe.

The “Winter Wonderland” on Pier 17 takes the ice-skating experience to a whole new level, with views of the Brooklyn Bridge, East River and Lower Manhattan skyline. The entire “Village” used ROEDER aluminum structures tents as it was used for the Winter Olympics in China and in key locations around the globe. The “Winter Wonderland” on Pier 17 takes the ice-skating experience to a whole new level, with views of the Brooklyn Bridge, East River and Lower Manhattan skyline. The entire “Village” used ROEDER aluminum structures tents as it was used for the Winter Olympics in China and in key locations around the globe. The heart-shaped ice rink is just a bit smaller than the one at Rockefeller Center. The village has an event hall with floor to ceiling glass walls, a cafe, a real snow installation, coffee shop and other recreational areas. The entire project literally “lies” on top of the roof. A ballast system was used to fix all so that it could be dismantled quickly before summer. No drilling or nails were allowed! The heart-shaped ice rink is just a bit smaller than the one at Rockefeller Center. The village has an event hall with floor to ceiling glass walls, a cafe, a real snow installation, coffee shop and other recreational areas. The entire project literally “lies” on top of the roof. A ballast system was used to fix all so that it could be dismantled quickly before summer. No drilling or nails were allowed! The heart-shaped ice rink is just a bit smaller than the one at Rockefeller Center. The village has an event hall with floor to ceiling glass walls, a cafe, a real snow installation, coffee shop and other recreational areas. The entire project literally “lies” on top of the roof. A ballast system was used to fix all so that it could be dismantled quickly before summer. No drilling or nails were allowed! The heart-shaped ice rink is just a bit smaller than the one at Rockefeller Center. The village has an event hall with floor to ceiling glass walls, a cafe, a real snow installation, coffee shop and other recreational areas. The entire project literally “lies” on top of the roof. A ballast system was used to fix all so that it could be dismantled quickly before summer. No drilling or nails were allowed! The heart-shaped ice rink is just a bit smaller than the one at Rockefeller Center. The village has an event hall with floor to ceiling glass walls, a cafe, a real snow installation, coffee shop and other recreational areas. The entire project literally “lies” on top of the roof. A ballast system was used to fix all so that it could be dismantled quickly before summer. No drilling or nails were allowed! The heart-shaped ice rink is just a bit smaller than the one at Rockefeller Center. The village has an event hall with floor to ceiling glass walls, a cafe, a real snow installation, coffee shop and other recreational areas. The entire project literally “lies” on top of the roof. A ballast system was used to fix all so that it could be dismantled quickly before summer. No drilling or nails were allowed! The heart-shaped ice rink is just a bit smaller than the one at Rockefeller Center. The village has an event hall with floor to ceiling glass walls, a cafe, a real snow installation, coffee shop and other recreational areas. The entire project literally “lies” on top of the roof. A ballast system was used to fix all so that it could be dismantled quickly before summer. No drilling or nails were allowed! The heart-shaped ice rink is just a bit smaller than the one at Rockefeller Center. The village has an event hall with floor to ceiling glass walls, a cafe, a real snow installation, coffee shop and other recreational areas. The entire project literally “lies” on top of the roof. A ballast system was used to fix all so that it could be dismantled quickly before summer. No drilling or nails were allowed! The heart-shaped ice rink is just a bit smaller than the one at Rockefeller Center. The village has an event hall with floor to ceiling glass walls, a cafe, a real snow installation, coffee shop and other recreational areas. The entire project literally “lies” on top of the roof. A ballast system was used to fix all so that it could be
New Future Strategy ICU2025
As of 1st January 2019, ICUnet AG has be- come the ICUnet Group AG. The ICUnet Group AG now has two independent im- perials: ICU (Business) Consulting GmbH, special- istor provider of Intercultural Qualifications & Business Consulting; and ICU Global Mobility Services GmbH. New offices have also opened in Atlanta in the US, as well as a new Global Mobility services center in Hautzenberg, Ba- varia.

MULTIVAC China Celebrates Relocation of New Office to Shanghai All Center
On 18th January, MULTIVAC China officially inaugurated their new office, relocated to the All Center. This location is approximately 1,000m² and will respond to the increased needs of Shanghai government about policies regard- ing the Hongqiao central business district. The ribbon-cutting ceremony was attended by Jens Richter, Managing Director of China, Hong Kong, Taiwan & Mongolia, Steven Shen, Technical Director, Alessandro Chen, Sales Director Key Account Partner, Ben Zhou, Sales Director China Mainland, and Julia Wu, Director Marketing & Sales Support. The an- nual dinner party 2019 of MULTIVAC China team was also held on the same day.

TRUMPF Invests in Smart Factory Solutions
With core business in the fields of laser tech- nology and sheet metal processing equip- ment, TRUMPF has put a strong focus on offering integrated manufacturing solutions for its Chinese customers. Part of its strategy which connects German industry 4.0 initia- tive with Made in China 2025 program is the creation of a dedicated organization for serving customers wishing to build up their own smart factories. Also, at its China headquarters in Taicang, a cutting-edge smart factory, featuring fully automated processing equipment, advanced production management software and paperless intralogistics concept has gone into operation already in early 2018. Currently preparations are being made for further steps towards an even more intelligent production

The Ali Center. This location is approximately inaugurated their new office, relocated to Mobility services center in Hautzenberg, Ba-

Mubea Opens TRB Plant in China
On 11th June 2018, Mubea Group further expanded its footprint in China with the strategic development of a new plant. Mubea China held opening ceremony of its Tailor Rolled Blanks plant. The company started construction in February 2017 with the production area of 14,000m² and achieved mass production in July 2018.

TRUMPF’s Temial Participates in the 10th China International Architectural Decoration and Design Fair
On 30th December 2018, TRUMPF’s new brand Temial participated in the 10th China International Architectural Decoration and Design Fair in Beijing. Ting Gao, Head of Temial China, gave a speech at the product launch session and shared with the audience the German design principles by quoting Vor- werk’s chief designer as sayings, “Nice design should not follow fashionable but short-live trends. It’s about striking a balance between traditional values and future opportunities. “The design idea is perfectly realized in Vor- werk’s newest product Temial, the tea brew- ing machine. Combining German technology with Chinese tea culture, Temial guarantees a good cup of tea in customer’s daily life.

4flow and AGCO Win China Automotive Logistics Innovation Award
4flow, and AGCO were named joint winners of the China Automotive Logistics Innova- tion Award 2018. The China Federation of Logistics and Purchasing selected this year’s winners for their successful, ongoing collabor- ation in digitizing AGCO’s supply chain in China. Since 2016, AGCO has benefitted from centralized, transparent, and sustainable inbound supply chain management in China, with 4flow responsible for planning and managing AGCO’s inbound material flows. AGCO previously worked with 4flow to re-design its European inbound transportation network using 4flow’s cloud-based integrated transportation management system (ITMS). Operational in China since 2016, the AGCO Smart Logistics initiative – of which 4flow’s ITMS is a critical component – also won the BVL Award for Supply Chain Management 2016 and the European Logistics Association Project of the Year Award 2017.

Huber & Ranner Helps Build Boeing’s First Overseas Factory
On 28th October 2017, the first overseas fac- tory of Boeing company was announced to be settled in Zhoushan. Huber & Ranner is very honored to be involved in this project. The painting hangar is the most important part of the project. Huber & Ranner provides all AHUs for the painting hangar of Boeing 737 completion and delivery center project. The total air volume is as high as 2880,000 m³/h. Each unit has large air supply and ex- haust, and the whole machine is explosion- proof. All materials and accessories do not contain silicone and can resist high tempera- ture. The units are equipped with energy-saving activated carbon VDC treatment equipment. The technical requirements of this project are extremely strict, and the standard reaches the same level as the American fac- tory.

Ceremony for the 25th Anniversary of Sino-German Cooperation in Taicang and the 25th Anniversary of KERN-LIEBERS China.
For a triple event at the end of November 2018, KERN-LIEBERS China received around 300 distinguished guests for the ground- breaking ceremony of its new plant, the 25th anniversary of the presence of KERN-LIEBERS in China, and the “Sino-German Concert” on the 25th anniversary of the Sino-German partnership in Taicang, in which 30 players of the KERN-LIEBERS Orchestra took part. The new plant of KERN-LIEBERS in Taicang contains two new twin-lane production lines, dedicated exclusively to the Joint Venture Brand-KERN-LIEBERS. Another facility will be reserved for additional production space for current products and new energy vehicle components in the future. KERN-LIEBERS plans to invest EUR 15 million. Additional machinery investments will also be required. The Taicang operation base is aimed to be further developed as the most important production hub and China headquarters, apart from its Tianjin and Guangzhou locations.

German School Shanghai Celebrates Tapping Out Ceremony in Yangpu
In 2019, German School Shanghai’s Pudong campus will relocate to a new campus in Yangpu district to open a second Euro- Campus together with the French school. This concept has already been proven to be a success at the Hongqiao campus. The cutting-edge school complex will ensure the highest teaching standards in the long run and further build on the excellent German education system. Held under the auspices of Consul General Dr. Christine Althauser, the school hosted the new campus’ topping out ceremony in Yangpu on 20th January 2019. At the event, the school communities from both campuses celebrated with families and staff and enjoyed German style food, music and games.

ZF First Board of Management Member Based in China
ZF has appointed Dr. Hubier Klein to its Board of Management, effective from October 2018. Following his responsibili- ties to lead ZF’s growth in Asia Pacific including China, he has relocated to Shanghai working from ZF’s Asia Pacific headquarters. Dr. Klein joined ZF in 2014 as Head of Integration Management. In this function, the 48-year-old contributed significantly to the successful acquisition and integration of TRW Automotive. He also played an active part in the strategic re- positioning of ZF and the expansion of its international activities. This relocation of the Board function’s headquarters to Shanghai represents an important step toward further internationalizing the Friedrichshafen-based technology company.

Henkel Named 2018 Excellent Supplier for NEV Industry
On 29th November 2018, The China Associa- tion of Automobile Manufacturers (CAAM), in cooperation with other automotive industry organizations, recognized Henkel’s Adhesive Electronics business with the 2018 “Excellent Supplier for the new Energy Vehicle Industry” award in Shanghai. Henkel was honored for its broad automotive and new energy vehicle solutions. Pankaj Arora, Henkel Asia Pacific
New Members Shanghai

Head of Automotive Electronics in Global Market Segment Head of E-Mobility, accepted the award on behalf of Henkel: “The automotive industry is quickly progressing toward electrification, intelligent technology, networking and shared mobility; enabling these developments with advanced components requires high-performance electronic and thermal interface materials. With China leading the way in NEV production and sales, Henkel, with its state-of-the-art R&D capabilities, unmatched services, and strong regional partnerships, is committed to serving the local market by providing competitive solutions, driving automotive innovation and enabling industrial upgrading in global production networks.”

40 Years of Technology Leadership

HEUFT SYSTEMS TECHNOLOGY (Shanghai) Co., Ltd. celebrated its 15th anniversary in 2018 and now HEUFT SYSTEMTECHNIK GMBH (German headquarters and exclusive production site) will be 40! The family business rapidly grew since its founding in Burgbrohl in April 1979. Bernhard Heuft already created control devices as a physics student – and the first fully automatic high-speed fault rejection devices as a physics student – and the first ever. Now the company has over a thousand employees and customers worldwide.

Vöhringer Holds Product Release Event and Strategic Cooperation with TOPPAN

On 28th December 2018, Vöhringer held a new 2019 new product release event at the Chengdu global center. During the event, Vöhringer reached a strategic cooperation with TOPPAN Printing Co., Ltd. Vöhringer R&D Vice President Mr. Futang Ji and Mr. Koichi Sakai, Senior General Manager of TOPPAN Environmental Design Subdivision & Global Sales Department, jointly released new products of t-series “zero formaldehyde added” composite wood flooring, for a more environment-friendly and healthy home.

Mr. Chao Liang
General Manager
Jiangsu JMED Medical Technology Co., Ltd.
Tuzhou
+86 51888812266

Mr. Reinhard Hill
Shanghai
+86 13811579038

Mr. Chuming Zhang
General Manager
MKU Chemical Trade (Suzhou) Co., Ltd.
Suzhou
+86 626955320

Mr. Lin Ma
Sales Director
duerr-technik (SHANGHAI) CO., LTD.
Shanghai
+86 62182821 www.duerr-technik.com www.duerr-technik.de

Mr. Stefan Schmutzler
Business Development
Brunel Consultancy (Shanghai) Co., Ltd.
Shanghai
+86 63017005 china@brunel.net www.brunel.net

Mr. Lorenz Egner
MBA Candidate
Shanghai
+86 13120060838

Mr. Markus Rieger
Managing Director
Shanghai
+86 21 5892 0667 www.aflag.com

Mr. Jie Wang
General Manager
Shanghai
+86 18714012726 www.klonzer.de

Mr. Wei Wei
Managing Director
Shanghai
+86 21-58884408 info@keller-china.com www.keller-china.de

Dr. Helmut Schoenberger
CEO
SBC (Shanghai) Co., Ltd.
Shanghai
+86 15901988658

Mr. Xue Dong Tan
General Manager
Shanghai
+86 13671903264 info@korn-consult.cn https://www.korn-consult.cn

Mr. Thorsten Eiche
General Manager China
Aitag Automation Technology (Shanghai) Co., Ltd.
Shanghai
+86 21 5892 0667 www.aflag.com

Mr. Martin Thiess
General Manager China
Borusia Moenchengladbach (Shanghai) Sport Development Co., Ltd.
Shanghai
+86-15000277014 www.borusia.de

Mr. Marcus Rieger
Managing Director
Shanghai
+86-6221-2000-3390 info@goingsupplier.cn www.goingsupplier.cn

Mr. Werner Mann
General Manager
KORN CONSULT GROUP Management Consulting (Shanghai) Co., Ltd.
Shanghai
+86 15901988658

Mr. Xiao Dong Tan
General Manager
Shanghai
+86 13671903264 info@korn-consult.cn

Mr. Dr. Burkhard Domurath
Chief of the Hospital Shanghai
+86 13918350434 bodumurath@yahoo.de

Mr. Uwe Münchow
General Manager
Shanghai
+86 13763132028

Ms. J. J.R. P. 何
UNIS Group (Shanghai) Industrial Electronics Repair Co., Ltd.
Shanghai
+86 2161626979 sydney@unisgroup.com www.unisgroup.com

Ms. Lena Tang
Marketing Manager
WashTec Car Cleaning Equipment (Shanghai) Co., Ltd.
Shanghai
+86 2134771326 www.washtec.cn

Mr. Xuejun Xu
General Manager
Wieland Thermal Solutions (Shanghai)Co., Ltd.
Shanghai
+86 2151744000 info.shanghai@wieland.com www.wieland-thermal-solutions.com

Mr. Alfred Pang
General Manager
Schweizer Electronic (Jiangsu) Co., Ltd.
Changzhou
+86 5198276888 julia.jiang@schweizer.ag https://www.schweizer.ag

Mr. Amitava Ghosh
VP/Head of North Asia Tech Mahindra Shanghai Co., Ltd.
Shanghai
+86 50807600 https://www.techmahindra.com

Mr. David Mazer
Talent Management Consultant
Shanghai
+86 18986436233 mazer_david@yahoo.com

Dr. Boris Biebel
General Manager
Shanghai
+86 (21) 2036 8801 boris.biebel@fourseasons.com www.fourseasons.com/shanghai

Mr. Jie Wang
General Manager
Shanghai
+86 64348302 du_xiuping@albatros-projects.com.cn https://www.albatros-projects.com.cn

Mr. Juergen Heiser
Technical director
Shanghai
+86 15801776042 juergen.heiser@yml.cn

Mr. Bernd Kühn
General Manager
Shanghai
+86 512 2096 8071 info@tech.rapid42.com
On 15th November 2018, the German Chamber of Commerce in Shanghai hosted their second Members’ Day event in 2018, which attracted more than 40 new. Ms. Simone Pohl first gave the attendees an introduction of the three pillars of the organization: the Delegation Office, German Industry & Commerce (GIC) and German Chamber of Commerce (GCC). Then it was Mr. Jan Jovy’s turn to introduce the GIC, the service provider that supports companies with their business development in China and Germany. The last speaker was Ms. Daisy Zhu representing the GCC, the membership organization for German companies in China, which provides up to-date market intelligence, and organizes up to 160 events per year in Shanghai and neighboring provinces. After the speeches, all guests were then invited to have an office tour led by Ms. Zhu and network with other attendees.

On 12th December 2018, a Workshop Young Leaders “PROTO: a gamified workshop for entrepreneurs and business leaders” took place at German Chamber Office, which attracted around 40 people. At the beginning of the workshop, Mr. Tam introduced his start-up team and today’s game “PROTO”. To get the participants more involved, Mr. Tam asked everyone the question, “What is innovation?” and let the attendees share their opinions. After the introduction of the function and rules of the card game “PROTO”, all the guests were divided into eight groups and then played with the assistance of Mr. Tam and his colleagues. In the game, every participant owned a startup and to gain more users, sell their products and experienced virtual challenges.
The Chamber’s traditional Christmas Chamber Meeting, held on 13th December welcomed guests with festive decoration, music by the Shanghai German Christian Association in Shanghai (DCGS) trombone choir and a rich menu, which all contributed to the special Christmas atmosphere. Protestant Pastor Dr. Annette Mehlhorn and Catholic Priest Dr. Michael Bauer of the DCGS were welcomed to talk about the impact of the digital age on religious traditions and beliefs.

After a warm welcome of all guests, by Mr. Lothar Grad, the Chamber’s More than a Market Initiative, held for the third time in 2018, was introduced by Dr. Sigrid Winkler. As a flagship project, The Kids Football Project, initiated by the German business community in Shanghai, was presented by Mr. Stefan Ahrens. Having won the More Than a Market Award 2017 in the category Collaborative Projects, the initiative offers underprivileged migrant children in Shanghai the opportunity to take part in soccer training. In the following More Than a Market lucky draw, participants who had already handed in their CSR projects for the 2019 Awards could win various prices, including tickets for the German Ball 2019.

In their engaging speeches, Dr. Mehlhorn and Dr. Bauer then reflected on new ways of practicing beliefs and rituals in an age of digitalization, the risk of “losing touch” but equally opportunities and wide reach provided by new technologies and forums such as virtual masses. Like every year, the Pfrang foundation was also presented with a donation check for RMB 100,000, by Dr. Winkler on behalf the German Chamber | Shanghai. This donation supports their work with underprivileged adolescents. The event brought the Christmas spirit, and was a great start for the holiday season.

The main goal of this workshop was to exchange experiences and innovation ideas in China. Dr. Zhang Han from Tongji University and speakers from Götzpartners started the workshop with following question: “How can you be successful as an international company in China.” To answer this question, the concept of “what innovation is” and “what it deals with” were presented. Examples were also given for a better understanding throughout the event. Tasks were also distributed to participants to enhance their learning experience.

According to the speaker, Mr. Albin Warn,”Being a leader is not a rank or a position but a choice to take care of the person sitting next to you.” In this event, the importance of emotional intelligence was explained, and some case studies were given as examples to show the attendees the five components of E.Q.

Our minds are composed of emotions, and our E.Q is defined by our ability to manage our emotions. Some suggestions towards solving leadership problems such as communication problems, unfulfilled expectations, and emotional ups and downs in management were shared during networking.
Which strategy does Germany pursue in its interaction with China? What about the so-called "China competency" German experts call for? At the first Chamber Meeting in 2019, Dr. Christine Althauser, Consul General of the Federal Republic of Germany, discussed some of the hot topics driving Sino-German relations in current times.

In the beginning of the evening, all new members of the Chamber were warmly welcomed by Ms. Bettina Schön, and the event participants enjoyed a delicious buffet dinner. Dr. Althauser then began her speech by thanking the AHK for good cooperation in the past year and reviewing the Consulate’s work in 2018, and highlighting the impressive visa statistics, with more than 180,000 visas processed in Shanghai making the location the second-largest of all German visa-issuing centers worldwide.

In the frame of current international relations, the Consul General described the negative perception of globalization, rising nationalism and centrifugal tendencies dividing the EU as challenges which should be addressed through cooperation and multilateralism. In spite of witnessing an overall weakening of international organizations, Dr. Althauser pointed at positive developments, notably the renewal of the Franco-German Elysee Treaty, the Aachen Treaty, as motors of European unity. Well attended by almost 150 participants, the event marked the successful start of a series of Chamber events in the new year.
On 11th January 2019, the German Industry & Commerce Qingdao Office held an information evening about Profit Repatriation – How to bring home your profits legally and smoothly at the Lenbach Beer House in Qingdao.

China’s regulations for transferring company profits out of China are strict and not always easy to navigate. Different options have different advantages and disadvantages. In this month’s presentation, Mr. Christopher Liptau, Head of the German Desk at Dezan Shira & Associates, introduced and compared classic options. An update regarding the new IIT law concluded the presentation.

Any interest in this gathering in Qingdao, please contact Ms. Yunini Shi via shi.yunini@sh.china.ahk.de

For more information on Trade Fairs in China, please contact us directly:
Ms. Dong Wen | Tel. 021 3684 5052 | dong.wen@sh.china.ahk.de

Major exhibitions from March-June 2019 in Shanghai:

- Vision China-Laser Photonics China—International Trade Show for Optical Technologies in China 20-23.05.2019 at SNIEC (this fair will be supported by AHK/GIC Shanghai)
- electronic China—International Trade Fair for Electronic Components, Systems and Applications incl. LAYER World of PHOTONICS CHINA incl. productronica China 20-23.05.2019 at SNIEC
- Semicon China—Semiconductor Equipment & Materials Exhibition 20-23.05.2019 at SNIEC
- PP China—International Flat Panel Display Trade Show 20-23.05.2019 at SNIEC
- Auto Shanghai—Shanghai International Automobile Industry Exhibition 18-24.05.2019 at SNIEC
- CHINAPLAS—International Exhibition on Plastics and Rubber Industries 21-04-24.03.2019 at SNIEC
- China Glass—China International Glass Industrial Technical Exhibition 22-05.05.2019 at SNIEC
- Bakery China—International Trade Fair for the Baking and Confectionery Industry 06-05-08.05.2019 at SNIEC
- Sail China—International Food Product Trade Show 14-05-25.05.2019 at SNIEC
- China Beauty Expo—International Beauty & Cosmetics Expo 20.05-22.05.2019 at SNIEC
- KBC—Kitchen & Bath China—Forcherei für Küchen- und Badewasser 27.05-30.05.2019 at SNIEC
- DMC—Die & Mold CHINA—International Exhibition on Die & Mould Technology in Equipment 11-06-15.06.2019 at SNIEC (this fair will be supported by AHK/GIC Shanghai)
- Beijing Ewen Welding & Cutting—International Trade Fair Javelin, Cutting, Surfacing 25-06-28.06.2019 at SNIEC

*NECC—National Expo & Convention Center
*SNIEC—Shanghai New International Expo Center

Training Calendar Shanghai

8 April Excel Data Management and Analysis
9 April Say It with Charts—Presenting Data Graphically in Excel
10-11 April Effective Communication and Presentation Skills
11-12 April How Team Leaders Build High Performance & Cohesive Teams
11-12 April Creative Problem Solving and Decision Making
11-12 April Lean in Smart Internal Logistics Management
11-12 April Introduction to Effective Feedback (NEW)
15 April Fundamentals of Access Database
15-17 April Controlling in 5 Stages: Stage 1 “Controlling & Controller”
16-17 April Advanced Application of Access Database
16-17 April Manager as Coach (NEW)
16-18 April Industry 4.0: From Roadmap to Realization
18-19 April German Business Culture
19 April Wege und Verfahrensweise zu Anträgen für Deutschland und Schengen (NEW)
22-23 April MS Excel Advanced Skills for Finance
22-24 April Controlling in 5 Stages: Stage 5 “Presentation and Modulation” (Suzhou)
23 April How to be a Professional Receptionist
23-24 April Leasing with Global Perspective
23-26 April ISO 14001/ISO 45001 Internal Auditor
24 April Office 365/2019: Improved Experience in Desktop Productivity
24-26 April Developing Sales Strategy
25-26April Conflict Management
26-30 April Working with Excel Macros & VBA
27 April Say It with Charts: Business Diagnostics with MS Office
7-8 May Cross-Cultural Training—Virtual Communication
9 May Industry 4.0 Solutions and Implementation Approach
10-11 May “Strategic Thinking” in Digital Disruption Age (UVEA Environment)
10-11 May Interpretation of New Customs Policy and HS Code, Royalties for Customs Inspection under New Situation
10-12 May Working Smart with MS Project
10 May Digital Shopfloor Management
10 May Dangerous Goods Transportation How to Deal With Lithium Batteries
13-14 May Working Smart with PowerPoint
13-15 May Controlling for Non-Financial Managers & Professionals
14-15 May Project Management
15-17 May Controlling in 5 Stages: Stage 1 “Controlling & Controller” (Suzhou)
16 May How Team Leader Can Give and Receive Effective Feedback? (NEW)
16 May Understanding and Complying the Increasingly Important Regulations on Data Protection and Cybersecurity in Mainland China (NEW)
16-17 May The Heart of Coaching (NEW)
17 May Changeable Manufacturing: Enabler for Meeting New Challenges
20-21 May Analyzing and Visualising Business Data with Power BI (NEW)
20-22 May Controlling in 5 Stages: Stage 2 “Controlling Toolbox”
20-24 May Free Care Tools Interpretation for Automotive Industry
21-23 May Dangerous Goods Transportation Regulations Concerning Road Transportation of Dangerous Goods
21-22 May Basic Management Skills
22 May Working with Excel Functions
22-23 May Conving the Influential Power - Persuade Others and Sustain Impact
23-24 May EHS—Product Safety Regulatory Compliance Training of China GHS, Chemical Safety Data Sheet and Label!
24 May Business Models in the Era of Intelligent Manufacturing
28 May Expatriate Employment—Dealing with Legal Challenges

Training Highlight - Shanghai

“Strategic Thinking” in Digital Disruption Age

Most organizations go through some form of strategic planning cycles. Essentially, this may involve two broad phases: the formulation and the execution. As strategy reflects the collective wisdom of the organization, it is imperative that it is designed and executed well.

It is expected that participants who attend workshop are highly engaged and interactive as “strategy is dead” without active dialogue and sharing of experiences.

Shanghai contact: Ms. Wang Xueting
Tel. 021 6875-8576 ext. 1824 | Fax 021 6875-8573 ext. 5657
wang.xueting@sh.china.ahk.de

28-29 May DSC Effective Influence & Communications Skills (NEW)
30 May Compliance Risk KR—Chinese Employment and HR Law in a Nutshell
30-31 May Production Management Skills for Front Line Supervisor
31 May Data Analysis in Production
4-5 June Excellence in Customer Service
5-6 June Essential Leadership Module 1
11-12 June Coaching Projects—Successful Change NEW
12-14 June Controlling in 5 Stages: Stage 3 “Controlling Implementation”
13-14 June Key Account Management Workshop
14 June Successful Design with PowerPoint
14 June Design Your Production Line Lean and Intelligent
18 June Effective Meeting Management
19 June AFIT 104016—Internal Auditor Course
17-19 June Controlling in 5 Stages: Stage 1 “Controlling & Controller”
17-20 June Six Sigma Green-Belt Training
17-20 June Lean Trainer
19 June How to Apply for a Foreigner’s Work Permit and Residence Permit (NEW)
20-21 June ISO 9001:2015 Internal Auditor Course
20 June Handling Arbitrarial Investigation and Establishing Compliance Policy (NEW)
21 June Based on a DISC Model: What is a Behavioral Interview? (NEW)
21 June Working Smart with Excel
21 June Preventive Quality Assurance—Design and Process FEMA
24 June Unveiling the Secret of Data: PivotTable in Depth
24-26 June Controlling in 5 Stages: Stage 2 “Controlling Toolbox” (Suzhou)
25 June Say It with Charts: Presenting Data Graphically in Excel
25-26 June Power of Habit in Digital Disruption Age & UVEA Environment (NEW)
26 June Managing Emails and Schedules Using Outlook
27-28 June Essential AutoCAD Skills—2-D Drawing Basics
28 June 7 Steps to Effective Problem Solving—For a High-Performance Team
Passenger Record

Lufthansa Group Set New
Boris Thelen on his appointment and wishes him continued success.

VDE is pleased to announce the appointment of Mr. Boris Thelen from his position as Product Manager Luminaires in VDE Institute Offenbach, Germany to his new position Head of Laboratory Light and Consumer Electronics in Shenzhen. Mr. Thelen worked for VDE of Laboratory Light and Consumer Electronics in Shenzhen. Mr. Thelen worked for VDE for more than five years and has excessive knowledge for testing luminaires, products and lessons learned.

The meeting with IKA’s dealers started with Managing Director Greater China Mr. Klaus Jacob’s opening remarks. He expressed his thanks to the partners for their long-term supporting of IKA’s business. IKA promised to keep investing in innovation to provide the best solution on the market. IKA Group global Vice President Mr. Ehab Elze, on behalf of the family Stiegelmann, the owners of the IKA Group, expressed his greetings to the partners. The management team from China shared insights in Sales, Marketing, Product and Channel strategy, to further strengthen the dealers’ confidence in a good cooperation in 2019, to win a better market position and “to be better” together.

Shoukou International School Cooperates with TÜV Rheinland

By providing authentic opportunities to enrich student learning programs, SIS is developing experiences for their students to connect with industry experts through mentorships, internships, factory and company visits, professional-led workshops and guest speaking opportunities throughout the Shenzhen community.

IKA Dealer Conference 2019

Softex Korea, Co., Ltd. is a Man with the vision “to be better” IKA 12. Greater China Dealer Conference has been successfully held in Sanya from 9th January to 12th January.

Mr. Wencai Zhu Awarded with “2018 China Economic Outstanding Figure Award”

On 29th December 2018, Mr. Zhu Wencai, Senior Vice President of TÜV SÜD Greater China and Managing Director of TÜV SÜD Greater China North Region received an outstanding figure award at a selection event in Beijing due to his contributions to the Chinese economy in 2018. The selection event was co-hosted by Xinhuanet.com, Global Times and the China-Asia Economic Development Association. Mr. Zhu, who joined TÜV SÜD in 1999, is a facilitator of the company’s local development as well as a witness of China’s manufacturing development.

Successful FAT for Heinkel (Foshan)

In January 2019, Heinkel (Foshan) Drying and Separation Co., Ltd. made a successful FAT with one set of 2.5m³ filter dryers for the customer Novartis. This is significant for Heinkel (Foshan) since it is the first filter dryer which is made in China. It showed to the customer that Heinkel (Foshan) has the technology to expand local operations in China.

Hanover Coffee Celebrates Opening of New Location in Shenzhen

Hanover Coffee is a premium German coffee brand name Fast Lane Coffee in high-tech Valley of China. This coffee shop aims to support people to connect with industry experts throughout the Shenzhen community. Hanover Coffee celebrates its 5th anniversary in Shenzhen, which is a facilitator of the company’s local development as well as a witness of China's manufacturing development.

Successful Kautex Blow Molding Roadshow in China

Another benefit is that the roadshow not only shows the latest Kautex innovations, but also provides insights on how production performance can be increased or problems in daily production solved.

Mazars GTM Global CEO Hervé Hélias Named Chairman of the Board

Mazars announced the effective transition of Hervé Hélias to the role of Global Chairman of the Board. Hélias was appointed Group CEO in 2016 and is now succeeding Philippe Castagna, who successfully held the post of Executive Chairman for the past seven years and the post of Group CEO from 2011 to 2016.

Hélias brings more than thirty years of audit and advisory services experience. As signing partner for some of Mazars’ largest clients, including BNP Paribas from 2000 to 2009, he has served as the leader of the audit service line Global Business Unit P&I, as well as Managing Partner of Mazars in France, combined with the role of Group Co-CEO since 2012. This move marks the third transfer of power since Mazars founding and comes at a time when the firm’s global expansion is accelerating.

Successful Kautex Blow Molding Roadshow in China

On 23rd and 28th November, the Kautex Blow Molding Roadshow was attended by more than 100 visitors from eastern and northern China. This year, the roadshow took place in Suzhou and Tianjin. “Our objective is easy to understand” explained Geoffrey Chan, CEO of Shunde Kautex. “We want to be closer to the customers”. The advantage is, that customers do not have to travel long distances and can have face-to-face communication with German and Chinese blow molding experts. Another benefit is that the roadshow not only shows the latest Kautex innovations, but also provides insights on how production performance can be increased or problems in daily production solved.
New Members South & Southwest China

Mr. Joergen Schoppe
Managing Director
APEC-GM limited
jschoppe@apec-gm.com.hk

Mr. Sascha Rensen
Deputy General Manager
PRIVATE MEMBER
s.rensen@kaisereichense.com

Mr. Alexandre Beauboux
Financial advisor
PRIVATE MEMBER
abeauboux@outlook.com

Mr. Manfred Appel
Director/Owner
PRIVATE MEMBER
map@appelinnovation.com

Mr. Benjamin Christian Ludwig
CEO and founder
PRIVATE MEMBER
ludwig.benjamin@hotmail.com

Ms. CUI Yijin
Head of Branch
HANNIXER MILANO FAIRS SHANGHAI LTD
GUANGZHOU BRANCH
cathy.cui@hmf-china.com

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On 15th November 2018, German Chamber South & Southwest took part in a tour, organized by the German Chamber in Hong Kong within WEEE.PARK, to a treatment and recycling facility for waste electrical & electronic equipment, operated by ALBA Integrated Waste Solutions (HK) Limited.

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During an exclusive tour, Mr. Mattavvres illustrated how different types of household equipment are collected, sorted, dismantled and separated into their various components using state-of-the-art technology. Toxic substances such as refrigerants and mercury are removed, whereas reusable plastics and metals are redistributed for further recycling. ALBA IWS currently runs the only government-licensed treatment facility for refrigerants in Hong Kong.

The day was rounded off by a networking event with members of GCC South & Southwest China and GCC Hong Kong at The Pond, West Kowloon.

On Tuesday, 20th November 2018, Testo Instruments (Shenzhen) Ltd. hosted the manufacturing roundtable with the German Chamber of Commerce and gave insights into their implementation of Lean Leadership at seven stations throughout the facility. The 20 participants from various industries exchanged about the current implementation of lean and leadership in their companies. Especially, the management of their trusted system was a topic for General Managers, Production Managers and HR Directors alike that got discussed lively at the following networking lunch. A great thanks to the Testo team for the invitation, excellent execution and valuable input.

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Regional News | South & Southwest China | Chamber Affairs

29th November 2018

Location: Chengdu
Event: Christmas Dinner
Venue: Kempinski Hotel

On 6th December, the German Chamber of Commerce South & Southwest China hosted its Christmas Dinner in Slow Life Kitchen Elite. Chengdu, in cooperation with CCI France Chine South China. The evening, attended by 110 guests, started with social networking where guests enjoyed diverse choices of fine wine and exquisite French desserts. Afterwards, a warm welcoming speech was given by Mr. Ulf Reinhardt, the Chairman of the Board of German Chamber of Commerce South & Southwest China and Mr. Herve Lambelin, CCI France CHINE South China Branch Director. They introduced their Christmas traditions in France and Germany and wished everyone a Merry Christmas and a wonderful evening. Following the opening speech, all guests started enjoying special Christmas cuisine and Glühwein. During the dinner, two rounds of lucky draw were held. Lucky guests won a broad range of prizes, including Brandy sponsored by Asbach, Glaciers Water Package by Ech2o and RMB 1,000 Cash by Hi Touch.

The German Chamber would like to thank all sponsor partners: Asbach, Guangzhou Easy Cellar Wine & Spirit Co., Ltd., Ludwig's Schnäpse Gallery, FB Solution, Ech2o, Trolli, UN Hotel Five and Hitouch. Many thanks to the media partners: That's PRD and Delta Snack. Attendees were treated to a mixture of local Chinese specialties.

11th December 2018

Location: Guangzhou
Event: German & French Christmas Dinner
Venue: Slow Life Kitchen Elite

On 12th December, the German Chamber of Commerce South & Southwest China and the German Industry and Commerce Shenzhen hosted the first ever AHK Innovation Night at Bee+, co-working space in Shekou, Shenzhen. The new event format of "AHK Innovation Night" is designed to bring together the German community in South China and local startup ecosystem. Since moving to a new office in Shenzhen last year and the official inauguration of Innovation Hub by German Chancellor Angela Merkel last year in May, we offer a broader range of services to our members and partners in Shenzhen with a strong focus on startups and innovation. We are working continuously on building up a platform for the German economy to get insights and connections to the local startup scene in the Silicon Valley of China.

Over the past twelve months, we guided several delegations from Germany through the innovation ecosystem and supported them in exploring the startup scene and possible technology partnerships. The AHK Innovation Night was the perfect end of an exciting year and a chance to invite our members, partners and local startups to a networking evening in the creative work space of Bee+. We were honored to have the Deputy Chief Executive of DIHK, Dr. Ashim Dicks and Managing Director AHK, Mr. Benjamin Leipold, flying in for this event from our headquarters in Germany as well as colleagues from AHK Greater China.

Training Calendar - Shenzhen

19th – 20th April
Plan and Inspection on Tax Payment (CN)
26th April
Cross Department Communication Skills (CN)
20th March
Mindful Leadership Experiential Salon (CN or EN)
21st May
The Power of Inclusion in Diverse Workplaces (EN)
22nd – 23rd May
Effective Selling Skills (CN)

Training Calendar - Guangzhou

15th March
Storage Rack Safety & Lifestyle Guarantee (CN)
26th – 27th March
Key Account Management Workshop (CN)
12th April
Psychological Thinking and Application in Talent Management (CN)
18th – 19th April
Doing Business in Germany (CN)
8th – 9th May
How to be a Coaching Leader (CN)
11th – 12th May
Lean Management Practice Training (CN)
24th May
Effective Time Management (CN)

15th January 2019

Location: Guangzhou
Event: Tax/Legal Roundtable
Venue: GCC Office
Speaker: Ms. Bolivia Cheung | External Consultant CW CPA
Topic: New IIT Law - How will it affect foreign executives in China?

On 15th January 2019, the German Chamber of Commerce | South & Southwest China invited Ms. Bolivia Cheung, CW CPA’s consultant and a member of Board of Advisors, to share how the amended IIT law will affect foreign executives in China.

Ms. Cheung covered the topic of how tax breaks can help avoid China’s worldwide tax and why salaries paid by an overseas company can be taxable in China. She also explained the penalties for tax residents who don’t report their foreign income. The seminar received good responses from the participants and their awareness of the amended IIT law has been raised. Following the seminar, participants shared ideas and formed new networks.

The German Chamber of Commerce | South & Southwest China would like to thank every participant for their input in the discussion and CW CPA for their excellent presentation.
On 17th January 2019, the German Chamber of Commerce | South & Southwest China invited experts from CRIF, a global provider of business information and LexisNexis to share the ways of reducing credit risk and compliance risk with business information. It is always a big challenge for companies to find good business partners, as well as to meet increasingly complex compliance requirements. Hence in the seminar, Ms. Fion Fok from CRIF introduced how to strengthen companies’ Know Your Customer (KYC) process by utilizing business information. Mr. Douglas Wolfson from LexisNexis explained the common compliance issues such as sanctions and money laundering risks that companies encounter. He gave the tip to manage compliance risks with the use of financial crime compliance data. From the seminar, the members could learn how to identify and mitigate the potential credit and compliance risks more effectively.

The German Chamber of Commerce | South & Southwest China would like to thank all participants and event partners CRIF and LexisNexis for a memorable seminar.

On 24th January 2019, the German Chamber of Commerce in China | South and Southwest organized the third delegation tour to Greater Bay Area with the co-host German Chamber Hong Kong. The group returned to Shenzhen this time with a focus on the innovation and technology hub and technology hub of China. The delegation of 20 members and partners of the German Chambers visited the three companies Robosense, UBTECH and Ping An Cloud Accelerator. Robosense introduced their core technology – LiDar to the delegation, followed by UBTECH’s robots dancing and sharing their advanced knowledge of AI and Humanoid Robots. In the end, Ping An Cloud Accelerator, which supports innovative technology start-ups, introduced their program including their 1st and 2nd cohort companies and invited one of the startup company – CTACCEL to share how they benefit from the cooperation with an accelerator. All three companies showed that Shenzhen is an important city fostering on R&D and is dedicated to developing high-end technology. The delegation looks forward to seeing how fast these companies will improve in the coming years. A networking at Blue Frog restaurant rounded off the informative one-day delegation trip in Shenzhen. A total number of 40 participants attended the Post-Delegation Stammtisch to network with the local German business community.

Special thanks to Robosense, UBTECH, Ping An Cloud Accelerator and Blue Frog for this successful GCC Delegation & Company Visit in GBA: Shenzhen!

As the service provider of the German Chambers of Commerce Worldwide Network (AHK) in Greater China, we support you with your market entry and business development in Greater China and Germany. With more than 250 specialists in Beijing, Shanghai, Guangzhou, Hong Kong, Taipei and Karlsruhe we tailor customized solutions for your business success.
**2nd HR Summit South China in Shenzhen**

On 2nd November, German Chamber of Commerce in China | South & Southwest held the 2nd HR Summit South China in Hyatt Regency Airport Hotel Shenzhen. More than 60 people joined the full-day event to learn, share, and network with other HR professionals in South China. The audience comprised of HR directors and general managers eager to get inspiration from high level speakers, industry practitioners, and service providers.

The event started with the opening speech by Mr. Ralf Maetz, German Chamber board member and was followed by inspiring keynote speeches on corporate culture using the example of Trolli Guangzhou Confectionery, Talent Review at Testo Instruments and Employee Motivation at Mars. The case study on Employee Fluctuation Management spotlighted the achievements of the German company ELRAD Electronics to decrease their annual turnover rate from 34% in the past ten years to a monthly turnover rate of just 3.6% in the past 12 months.

During the workshop session, three parallel workshops gave insights in the developments and trends of learning, the new BIT law and the implications for foreigners as well as performance management under a legal point of view. The activating speech on skill sets for a world in change ended the event leaving the participants with new ideas for the coming year.

Participants took advantage of several networking opportunities and got introduced to the wide range of services of the conference partner DirectHR, sponsors CW CPA and Taylor Wessing and media partner Dezan Shira & Associates.

We thank our event partners and speakers for their great contribution to the success of the event and look forward to next year’s HR Summit in Shenzhen.

**Speakers:**
- Mr. Ralf Maetz | Board Member, German Chamber
- Mr. Dong Duong | General Manager, Trolli Guangzhou Confectionery Co., Ltd.
- Ms. Emia Hu | HR Manager, Testo Instruments (Shenzhen) Co., Ltd.
- Ms. Stella Zhang | Senior Consultant Total Rewards Solution, MARS China
- Mr. Trevor Ding | General Manager, ELRAD Electronics Co., Ltd.
- Ms. Geoff Kershler | Business Trainer, Speaking Coach
- Mr. Trevor Ding | General Manager, ELRAD Electronics Co., Ltd.
- Mr. Ralph Kopitz | Chief Representative and Partner, Taylor Wessing
- Ms. Mette Pausgaard | Founder and CEO, Mimir Consulting

**Joint opening by the German Chamber & the German Consulate**

The opening ceremony was held at 18:30 pm with a speech by Mr. Wen Xiaofei, Regional Manager of German Chamber in Southwest China. He expressed his appreciation to all sponsors, co-organizers, as well as all Chinese authorities. The sponsors included Trolli, Allianz, BMW Motorrad, IQ Air, German Travel Center, NRW.Invest Germany, Kempinski Hotel Chengdu, Schöner Wohnen, Dactsn and Metro.

Mr. von Rimscha, the new appointed Consul General of the German Consulate in Chengdu, gave welcome remarks and wished to bring all the German companies to find business opportunities and to get to know the Chinese market better.

Afterwards, Mr. Wu Baolong, Deputy General Manager of Chengdu Fusen Noble Furnishing Co., Ltd., joined the ribbon cutting ceremony to welcome all attendees.

**Stay in Chengdu and 'Discover Germany'!**

Based on 2017’s success, this year’s “Discover Germany” was held in Furen Nobl No.1 Shop, Chengdu from 30th November to 2nd December with more fun and interactive games for families. It was hosted by the German Chamber of Commerce in South & Southwest China and the Consulate General of the Federal Republic of Germany in Chengdu, supported by the Ministry of Foreign and Overseas Chinese Affairs Office. “Discover Germany” is a platform and festival that promotes German brands and products and introduces German economy and culture. The display of German culture from different angles has made Chengdu citizens “Discover Germany” while staying in Chengdu, the cumulative audience reached more than 2,000 people.

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**A Sino- German exchange platform in a festival atmosphere**

“2018 Discover Germany” paid attention to the display and promotion of the German economy and culture. The audience was able to get in direct contact with German companies to find business opportunities and to get to know the German brands and products. Everything from food to wine, from home decoration to electrical appliances, from motorcycles to skin care, from travel to investment - high quality and cost-effective German products could be found at the festival.

“2018 Discover Germany” also brought classic German Christmas customs to Chengdu for the very first time, with creative interactions. Children and adults alike had fun with the exciting “Discover Germany” Adventskalender lucky draw, which not only brought exhibitors and visitors together but also gave visitors the chance to win a variety of prizes.

To further encourage the economic and cultural exchange between China and Germany, the festival also provided an information platform, offering a series of business, tourism and education related discussions and the release of the documentary “Deutschland von oben”.

The German Chamber of Commerce in China | South & Southwest China would like to thank all who attended the 2018 Discover Germany. A special thank you goes to the co-organizers: The General Consulate of Germany in Chengdu. Furthermore, the German Chamber would like to thank all sponsors of Discover Germany who provided great support and played a big part in the success of this event.

Diamond Sponsor: Trolli
Gold Sponsors: Allianz, BMW Motorrad, the German National Tourist Office, IQ Air, Kempinski Chengdu, NRW.Invest and Schöner Wohnen Farbe.
Silver Sponsors: Dactsn GmbH and Metro.
Event Sponsors: Feldschlößchen, Goethe Sprachzentrum an der Freie Universität Schaan, KLIM, Kaytrip and Hanoversche Kaffe Manufaktur.
Introduction

The Sino-German (Cixi) SME Cooperation Zone is a Sino-German economic cooperation zone approved by the Ministry of Industry and Information Technology. The Cooperation Zone is located on the coast of the East China Sea and the south bank of the Hangzhou Bay Bridge. It is the golden node of the Hangzhou Bay Economic Zone. It faces Ningbo to the east, Hangzhou to the west, and Shanghai to the north across the sea. Within 1.5 hours, from the Cooperation Zone, four international airports and two international deep-water ports can be reached. The soon-to-be-completed Shanghai-Hangzhou-Ningbo High-speed Cross-sea Rail and Hangzhou-Ningbo High-speed Double-track Line will be opened to traffic, and it will be more convenient to travel to and from Shanghai, Hangzhou and Ningbo, with outstanding traffic advantages.

Important Pillar

Industry is an important pillar of Cixi. There are more than 18,000 industrial enterprises in the whole city, and there are 1,401 enterprises with annual sales over 20 million yuan. It is one of the three major home appliances manufacturing centers in the country, with 37 characteristic industrial clusters and more than 10 domestic largest manufacturing centers. There are a number of industry champion companies such as Ceiling Group, Bull Group, and the Potlil Group. The developed private economy makes Cixi rank the fifth in the top 100 counties and cities in the overall strength of small and medium-sized cities in the country, and rank the second in the top 100 counties and cities with the most investment potential in China.

Core Area

The core area of Sino-German (Cixi) SME Cooperation Zone is located in the Cixi High-tech Industrial Development Zone, with a planned area of 22 square kilometers. The plan will focus on autos and auto parts, smart equipment, new materials, as well as life and health industries. Gathering high-quality scientific and technological SMEs to form an international industrial agglomeration zone, the Cooperation Zone will be built into an important platform for the introduction of advanced technology, management experience and high-quality talents. It will cooperate fully with Germany in areas such as intelligent manufacturing and industrial internet in connection with the "German Industry 4.0" strategies.
Verkehr

> Hochgeschwindigkeitsbahnlinie
  Nach Shanghai   75km  25min
  Nach Hangzhou   75km  23min

> Autobahn
  Nach Highway Entrance 5km  10min
  Nach Shanghai         90km  60min
  Nach Hangzhou         85km  60min

> Flughafen
  Nach Shanghai Hongqiao Flughafen   90km  60min
  Nach Shanghai Pudong Flughafen    120km  75min
  To Hangzhou Xiaoshan Flughafen    90km  60min

> Seehafen
  Nach Jiaxing Seehafen            30km
  Nach Shanghai Seehafen           130km
  Nach Ningbo Seehafen             250km
  Nach Yangshan Seehafen           70km

Kontakt

Benny Zhang (English & German)
Tel: +86-573-82208444
Email: benny.zhang@jxedz.com

Shawn Shi (English & German)
Tel: +86-573-82208504
Email: shxiaowei@jxedz.com

Hannah Zhang (English & German)
Tel: +86-573-82208716
Email: hannah.zhang@jxedz.com

Jiarong Jiang (English & German)
Tel: +86-573-82208747
Email: jiarong.jiang@jxedz.com