

CHINA IN TOUCH



An ACBC Northern Territory Newsletter

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NT President's observations

Winning the Chinese game of Wei-chi, sometimes known as Go, depends on the control of empty space – a truly daoist challenge. The principles can be applied to the State of the Union address by President Trump where what was not said was as important as what was said. It said exactly what America's major trading partners had been dreading, although surprisingly and left largely unsaid, China was not front and center as a trading target.

President Trump proclaimed that "the era of economic surrender is over". He said the US had "finally turned the pages on decades of unfair trade deals that sacrificed our prosperity and shipped away our companies, our jobs and our nation's wealth."

It is clear that the US President is now intending to follow up his inflammatory rhetoric with an increasingly protectionist stance on trade. This heightened talk of a trade war will spook markets outside the US, but its unlikely to add more than a temporary hiccup to the US market indices until the full implications of this rhetoric show up on company bottom line reports. President Trump suggested he was preparing for a confrontation with Europe and Germany over trade but made no such statements in relation to China. This, however, is not a cause for complacency in Beijing as this is like a loaded gun in the hands of some one untrained in its use.

A trade war will produce casualties in American business. Apple is a case in point as components and assembly are all sourced offshore. Any imposition of tariffs has broader supply chain implication, both for the region and for China.

The Apple supply chain includes Samsung Electronics, Murata, TDK Corp, Kyocera Corp and TSMC. All of these associated companies will take a hit along with Apple in any trade war that raises tariff barriers.

The impact on China will be less than it would have been prior to 2008. The mandated growth of minimum wages in China has pushed lower end manufacturing out of China and into Vietnam, Indonesia and Cambodia. The ongoing supply side reforms that began several years ago have been successful in cleaning up the steel, coal, cement and other industries that were suffering from overcapacity and low profitability.

Regulatory reforms have brought the shadow banking sector under greater control and have effectively addressed the biggest risks that were endangering China's banking system and its economy. China now has a significantly de-risked financial system and a more resilient economy where dynamic, entrepreneurial private enterprises make up 80% cent of employment. Growth continues at around 6%.

Unlike Europe which continues to struggle to throw off the impact of the Global Financial Crisis, China is a much stronger economic opponent than it was a decade ago. A trade war will inflict collateral damage, but the outcome is not as predictable as President Trump would like to suggest. However catching a fish in these muddy waters will require a more nuanced investment analysis than that which is commonly applied to the China story.

Happy Chinese New Year. 新年快乐! Xin Nian Kuai Le!

Daryl Guppy,
President, NT Branch ,
Newsletter editor



Everything you need to know

July 10, 11, 12, 2018, Darwin NT

NOTE THE DATE CHANGE. KEEP THESE DATES FREE

We are developing a great line-up of speakers from China and Australia

Confirmed speakers include: **Chief Minister of the Northern Territory, Michael Gunner**, Geoff Raby (Former Australian ambassador to China 2007-11), John Brumby (ACBC Chairman, former Premier of Victoria), Warwick Smith (Australia China Council Chairman) Prof Liu Zhiqin (Beijing Tsinghua University BRI Think tank), Adjunct Professor Jin Qiansheng (Xian Jiao Tong University); Luke Bowen, (Director, Develop the North)

DOING BUSINESS AND INVESTING IN CHINA

This was a well attended event hosted by the Confucius Institute. Ms Niki Chen delivered a well structured and comprehensive overview of China's current economic development. Chen divided the presentation into 5 key areas. They were China's Economy Environment; Market entry and growth; Top opportunities in China; Key Concerns; Risk Management.



She discussed the objectives of the current 5 years plan and the way this offered business opportunities. She stressed that the different regions of China had different expectations. These offered different types of opportunities.

Chen provided good information on the structure of business engagement options, and a good due diligence checklist.



Chen concluded by examine the key areas where business opportunities are found. This was a very useful presentation for people who are thinking about going into the China market. It was also a good update for businesses that are already involved in the China market.

Ms Chen has a greed to provide a special briefing for ACBC members and friends. Please see details below.



Australia China Business Council
澳大利亚中国工商业委员会

Episode 7

Lisa Renkin (Victorian Government)
- Opportunities in South/West China
and the Health Sector

We travel to Chengdu to see what the developing south-west has to offer businesses in export, health, first mover advantage, High-Tech Zones, ChAFTA and how the state government offices can support businesses on the ground

****Click Here to Listen****



FIVE CHINA BUSINESS ESSENTIALS

Doing business and investing in China

Niki Chen



Confucius Institute
孔子学院



Australia China Business Council
澳大利亚中国工商业委员会
Northern Territory

DEPARTMENT OF
TRADE, BUSINESS AND INNOVATION
NORTHERN
TERRITORY
GOVERNMENT

In the first ACBC Business Briefing for 2018, Ms Niki Chen explains the 5 business essentials you need to know if you are thinking about doing business in China. This updated information is also a refresher for those already involved in China.



Ms Chen will cover:

China's Economic Environment: Market entry and growth: Top opportunities in China: Key Concerns: Risk Management.

You cannot afford to miss this lunchtime briefing because it brings you up to date with the China political and business environment. There are areas of opportunity for NT SME export business and for tourism. The briefing provides an essential background for business strategy development and new perspectives.

Thursday, February 22

12:30 to 1.30

Arafura Room, North Australia Development Office, 76 Esplanade, Darwin

[Click to REGISTER](#)

This event is free.

A light working lunch will be provided.

CHINESE INVESTMENT IN CENTRAL AUSTRALIA FORUM

This breakfast forum was hosted by the NT Property Council. The MC was ACBC NT member Martin Kelly. Panelists were Daryl Guppy, President NT ACBC, Mike Hughes, Vice President Landbridge, and Nico Teng Nicho Teng, Managing Director Haneco Lighting.



Guppy said that our biggest problem in attracting Chinese investment is that we lack profile in China, even after many years of work in China well supported by the NT Government. We get profile by EXPOS as this is the main discovery method for investors. We get profile by tourism visits. We all travel and think, here's an opportunity. Its important to sell the NT first and then upsell , Do you want business with that?

The Territory needs to Develop resources, pooled if necessary, to provide Chinese language services support.



Hughes noted that Landbridge work in the NT is a long term commitment and that it has barely started. Landbridge had hoped to have headworks for the new passenger terminal and hotel started in 2017, but he was confident this would start in 2018.

From Daryl Guppy

Catalina Lounge - Australia China Business Council Offer

- ✓ All members of the Australia Chinese Business Council are entitled to a 20% off discount across all Catalina Lounge Ticket Types
- ✓ Book online by visiting the Catalina Lounge Website: www.catalinalounge.com.au
- ✓ Click on 'Book Now'
- ✓ Customers will be directed to the Catalina Lounge Eventbrite Page
- ✓ Click on 'Register'
- ✓ On the upper right hand corner, click on 'Enter Promotional Code'
- ✓ Enter Code: **ACBC18**
- ✓ 20% off discount will apply across all ticket types
- ✓ Select the ticket type and quantity then click on 'Continue'
- ✓ Fill out customer details and payment section
- ✓ Customer will receive an automated electronic mail notification including the voucher
- ✓ Print a copy of the voucher and present to reception staff in Catalina Lounge upon entry (name on the voucher should be identical as shown on passport)
- ✓ Ticket sales start from 12th February 2018 (12am) and will end on 12th March 2018 (11:59pm)

Grants to grow trade with China

Australian agricultural businesses can apply for funding for projects which grow agricultural trade cooperation between Australia and China. The \$50,000 is provided under the Australia – China Agricultural Cooperation Agreement (ACACA) program.

Minister for Agriculture and Water Resources, David Littleproud, said this year's program will focus on advanced agriculture technologies, water in agriculture, eCommerce innovation, science and technology, food safety, animal husbandry, farming sustainably and exploring niche markets. "These grants fund projects including technical exchanges, staff secondments, working groups, training programs, research and development, feasibility studies and information exchanges," Minister Littleproud said.

"It gives businesses the chance to network in China and create new customers over there. "Previously, these grants helped grow the market for Australian raisins and sultanas by funding Dried Fruit Australia's trade mission to China, it helped to establish the Australia-China Sustainable Agricultural Technology Forum in Tasmania and gave funding to the ABC's Landline program to promote opportunities and benefits under ChAFTA."

China is Australia's largest export market for agricultural, fisheries and forestry products, worth almost \$11.5 billion in 2016–17. The ACACA has been a key part of Australia's bilateral trade relationship for more than three decades.

Applications open 13 February 2018 and close on 13 March 2018. To apply for funding and for more information on the ACACA program, visit agriculture.gov.au/market-access-trade/acaca.



CHINA VISITOR MARKET UPDATE:

Year ending September 2017 data shows China sitting in the #5 spot as a source market for visitors to the NT, growing 44% over the same period 2016. Very close to the Japan market. Check - <http://www.tourismnt.com.au/en/research/latest-visitor-data>

China Ready Program:

- Program continues with the development of an accreditation opportunity for up to 20 Mandarin speaking tour guides for Uluru/Kata Tjuta National Park. This is expected to run in May.
- One-off grant funding for up to \$5,000 available from Tourism NT for NT tourism companies to develop collateral or amenities to develop/cater for the Chinese market.

Chinese New Year:

- Tourism NT has worked with various community groups to increase awareness within the Top End community about Chinese New Year.
- Includes some media activity with local media and a special exhibition in the Live Darwin space in the Smith Street Mall staged by the Chung Wah Society and special display advertising on digital screens at Darwin Airport.
- Also working with Darwin City and Waterfront retailers to display CNY posters in stores/restaurants in celebration of CNY.

Mobile Payment Platforms:

Tourism NT facilitating opportunity to meet with Sydney-based company, epay who provides mobile payment platforms Alipay and Wechat Pay for Australian businesses. Epay will be in Darwin February 28-29. ACBC members are invited to attend. Details will be sent to members soon.

From Daryl Hudson

NT ACBC Branch Meeting Dates

Meeting venue is kindly provided by Deloitte NT.

Meetings are open to all members of the ACBC, not just the committee members. Most matters discussed at the meeting are passed by general agreement. All members are encouraged to contribute ideas to the discussions.

Current proposed meeting dates are:

Dates	Time
21-Mar	8-9 AM
2-May	8-9 AM
13-Jun	8-9 AM
25-Jul	8-9 AM
5-Sep	8-9 AM
17-Oct	8-9 AM
28-Nov	8-9 AM

2017-2018 NT ACBC Executive

Daryl Guppy - Guppytraders.com (**President / National Board Member**) China@guppytraders.com

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Xian Li – Dept of Resources Xian.Li@nt.gov.au

Martin Kelly – Finlaysons Martin.Kelly@finlaysons.com.au

Ex-Officio members

Wayne Fan – Department of Business

Cecila Brennan - Dept. of Foreign Affairs and Trade

Austrade - Martin Ferreyra

NT Tourism – Daryl Hudson

Lisa O'Donoghue – South Australia Liaison

PROPOSED NT BRANCH CHINA BUSINESS BRIEFINGS 2018

The Business Briefings will start again in 2018 and be provided free of charge for members only. Visitors are welcome to attend, but a small \$20 fee is payable. (Free if you join ACBC at the briefing) . Briefings run for about 60 minutes. Business Briefing sponsorship options are also available.

For more information, or requests for specific briefing topics, please contact ACBC Secretariat on 89270061 or acbcnt@acbc.com.au

GOT A CHINA STORY TO TELL? READ A GOOD CHINA BOOK - SEND US YOUR NEWS OR VIEWS

You are a valued member of the Australia China Business Council and we are keen to receive news on your business activities that we can published on our national website or in our NT newsletters. Do you have an amusing, or interesting or cautionary tale. Drop us a note for the newsletter. Send us a email at acbcnt@acbc.com.au

ACBC NT OBJECTIVES

We aim for these services for ACBC NT members:

- To assist members to understand the nature of the business environment in China and where relevant opportunities lie.
- To raise the profile of ACBC NT members within the NT and Chinese business environment
- To share information regarding industry issues in the China market.
- To assist in generating business between member businesses.

- To facilitate co-operation with the China Council for the Promotion of International Trade in relation to business issues.
- To present the views of NT SMEs operating in China to government authorities and other business groups where appropriate.
- To share market and economic intelligence and insights on critical industry issues.
- To create and maintain a collaborative community of business owners that can draw on each other for support in their engagement with China.
- To work in a collaborative community of Chinese business, cultural and friendship organisations to expand the networking capacity of NT members.

These objectives are achieved with networking events, workshops, conferences, briefing, newsletter communication and participation in creation of NT and national Government strategies.

ACBC NT WELCOMES NEW AND CONTINUING MEMBERS

B&W International Trading Pty Ltd Peng Cui george@aquemas.com.au

Have your member business profile included in the newsletter. Send details to acbcnt@acbc.com.au

China News reports that did not make it into the local media.

China begins anti-dumping probe into US sorghum

China has initiated an anti-dumping and anti-subsidy investigation into imports of US sorghum, the Ministry of Commerce announced Sunday, Reuters reports. The move comes less than two weeks after the US slapped tariffs on imports of solar panels and washing machines.

The decision is likely immediately to impact demand for the next US sorghum crop, which is exported en masse to China to feed its huge livestock sector. The US provided 4.76 million of the 5 million tons of sorghum China imported in 2017, which is worth around \$1.1 billion, according to Chinese customs data.

The fear within the US farming community will be that growing trade tensions will lead to China extending its investigation to soybeans, the US's most valuable export to the world's second-largest economy.

"I personally believe this is China's response to Trump's action on washing machines," Li Qiang, chief analyst at agriculture consultancy Shanghai JC Intelligence, told Reuters. "If he takes any further measures, they will consider soybeans," he added.

Job creation to be a central policy in 2018, says Chinese government

The Chinese government aims to create millions of new jobs in 2018 by promoting 'new growth engines' of services and technology, according to Reuters, with unemployment a key focus of the year's agenda.

The National and Development Reform Commission (NDRC) reports that China must provide jobs for 9.7 million unemployed and over 8 million leaving college. The country's urban-registered employment level currently stands at 3.9% and has remained stable in the last year despite an otherwise slowing economy.

Meng Wei, a representative of the NDRC, said in a news conference on Sunday that protecting jobs was fundamental to China's stable growth policy, adding, "we will implement an employment-first strategy and more proactive employment policies...and vigorously promote employment and entrepreneurship."

Caixin PMI shows strong growth in services

The Caixin Services Purchasing Managers' Index (PMI) was released last week, revealing the strongest monthly growth in the sector in six years.

The index jumped to 54.7 in January from 53.9 at the close of 2017, the highest it has been since early 2012. The PMI is a private survey conducted every month to gauge the performance on leading businesses within a given sector. A reading of 50 indicates neither growth nor contraction.

As with last week's data for the manufacturing sector, the services PMI gave an optimistic outlook for the coming months. Analysts have attributed the growth to a rise in new orders during January and firms taking on more workers. As expected, demand was strong in the run-up to Chinese New Year celebrations.

For more China business news and information, visit www.chinaeconomicreview.com

AUSTRALIA CHINA FRIENDSHIP SOCIETY

The Darwin branch of the ACFS is a co-operative partner with ACBC NT. ACBC NT members are encouraged to attend ACFS events.

ACFS has completed their first News Letter, a website and facebook. The web address is: www.acfsnt.org.au The facebook address is <https://www.facebook.com/acfs.nt>

UPDATED CHINA RESOURCES FOR NT MEMBERS

ACBC NT has an updated list of China resources available for NT members. This includes translators, interpreters, graphic artists and design teams. Some are based in Darwin and some in China. Please contact ACBC Secretariat on 89270061 or abcnt@acbc.com.au for details



FORWARD THE NEWSLETTER TO A FRIEND

NEWSLETTER CONTRIBUTIONS ARE WELCOME. Keep other members informed about China experiences. Please email notes or comments to china@guppytraders.com. Please use email header **ACBC NOTE**. Information received up to the day prior to publication will be included.

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Australia China Business Council
澳大利亚中国工商业委员会

Northern Territory

MEMBERSHIP APPLICATION

Please complete this Membership Form with your details if you are applying to join the Australia China Business Council for the first time.

BASIC DETAILS

Company Name	
Company name in Chinese	
Industry sector	
Branch membership	NT Branch
Member Type - This is based on the annual turnover (See page 2 for details).	
Company email address	
Company web site http://	
Date of application	

PERSONAL DETAILS

Title	
First name	
Last name	

Job title	
Personal email address	

CONTACT DETAILS

Company phone	
Company fax	
Direct phone	
Direct fax	
Mobile phone	

LOCATION DETAILS

Street address	
City	
State	Northern Territory
Post code	

Postal address	I agree to be included in all associated ACBC and appropriate third party event notifications
Please cross out if you do not want your contact details to be given to third parties who issue event invitations to ACBC members	
Country	Australia

PAYMENT METHOD

Cheque	Please post to: GPO Box 2769, Darwin NT 0801
Cash Deposit	ANZ Darwin, BSB: 015901, A/C: 487 379 699
Credit Card	Card type / VISA / Mastercard
Card number	
Name on card	
Expiry date	CCV#
Amount paid (See member type)	\$

PLEASE RETURN COMPLETED FORM TO ACBC NT GPO BOX 2769, Darwin NT 0801

Or Email: acbcnt@acbc.com.au

Membership	TOTAL
NT Government Departments	1024.87
Companies	
Annual turnover:	
More than \$ 50 million *	3492.50
\$ 15 million to \$ 50 million	1831.50
\$ 5 million to \$ 15 million	1024.87
Less than \$ 5 million	532.40
Individual membership	532.40
Associate membership ** (non-voting)	169.40
Student member (non-voting)	88.00