

# CHINA IN TOUCH



An ACBC Northern Territory Newsletter

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NT secretariat (08) 89270061, GPO BOX 2769, Darwin NT 0801

## NT President's observations

The escalating trade war between the US and China may appear as a distant problem, far removed from everyday decision making. It's a comforting, complacent, and inaccurate thought. Like it or not, it is already having a direct impact on investment decisions and capital allocation.

Wednesday last week saw the listing of a new China-linked company on the stock exchange. The business model seems sound. The company is the No.1 air freight consignor to China and has strong relationships with many of the Chinese airlines. The upstart company has in fact been in the business for 13 years.

I know the company board Chairman and have worked with him in several China related projects. I deeply respect his knowledge of China as he worked in Beijing at the highest level for many years. The IPO price was reasonable and yet I hesitated about taking a stake in this company. I hesitated because I do not know how soon it will be before major allies and friends of the United States are caught up in the escalating trade conflict with China.

As US China trade tensions escalate, investors like myself worry it could be only a matter of time before third parties come under pressure to show support for the US by introducing their own restrictions on trade with China. Given that China is, for many countries, their largest trading partner this type of US pressure is particularly worrying.

The precedent has already been set. Inserted by the United States, and locked deep down in Chapter 32 of the renegotiated North American Free Trade Agreement is a poison pill. It gives the US veto rights over Canada and Mexico signing free trade deals with China, although the language is couched in terms of "non-market" economies as defined by the United States. Its actually more than a veto as any China deal would invalidate the new NAFTA agreement allowing the United States to unilaterally walk away.

After decades of supporting China's integration into the global economy, the United States is now focussed on disrupting commercial supply chains between Beijing and America's foreign partners.

Trumps trade war is supposed to reduce the trade imbalance but the trade figures suggest this is not working. The Trump administration will double down with extra tariffs on Chinese-made goods starting December. Will the US encourage or compel its allies and friends to do the same? That's a key question for investors in existing companies with China exposure, and for the IPO I am considering.

This week I am in Shanghai to attend the China International Import Expo and meet with Government and industry leaders. This is a six-day trade show for imported products. This event is a not too subtle reminder that China is the worlds second-largest importer. China buys as many foreign-made goods as Germany and Japan combined. Many of those purchases are American products and services ranging from Kentucky Chicken to the big 4 accounting firms.

Not unexpectedly, the Trump administration is snubbing the Shanghai import expo but around 180 American companies will attend. As thousands of foreign companies assemble in Shanghai this week, few can ignore the threat of a slowdown in their Chinese sales resulting from the escalating trade war with the US, or from domestic responses to pressure from the US not to do business with China.

I have not bought into the China IPO largely because my greatest investment errors have come from decisions based on fundamental analysis. I will wait until technical buy signals are generated, but any future action will be further tempered by the growing potential risk emanating from domestic sovereign risk..

The political solutions are not the provenance of investors nor business, but the consequences for both have become more pronounced particularly if trade pressure is used to roll back existing trade agreements with China. This makes ACBC NT participation in the Shanghai CIIE expo more significant.

Daryl Guppy,

President, NT Branch, Newsletter editor

## CHINA OPPORTUNITIES WITH DONGHAI

Its October which means its business month and I was lucky enough to make it to the ACBC Donghai airlines briefing. Organised by the new vice president Willem Westra Van Holthe the briefing featured an in depth panel discussion lasting almost two hours, discussing the opportunities for Territory businesses that have opened up with the Chinese airline running flights from Darwin to Shenzhen direct.

The panellists were Matt Findlay of Darwin Airport, Dan Richards from Humpty Doo Barramundi and ACBC NT President Daryl Guppy. This group were able to give insightful and helpful information for the nearly 30 participants on how they can better utilise the carriers services to establish two way business opportunities. They were able to draw upon their own experiences and expertise in their given fields to give listeners the information they needed to go and begin exploring their own boundless possible. The panel explored many noteworthy topics.



A primary feature brought up is the notion of niche markets. Territory business are generally small and need to go into China understanding the limitations of their size. Territory business need to focus on carving out a niche market because in China a niche market does not mean a small market. The city of Shenzhen has a population of 12.53 million. A niche market in Shenzhen alone could give you access to a 12 million potential customers. The shotgun approach does not work. Be specific, be targeted.

Shenzhen is a landing point. The transport infrastructure in China is highly advanced. Just because a product or service lands in Shenzhen doesn't mean it need stay there. Again, Territory business are generally small. Look beyond Shenzhen to other regions where Territory expertise is needed and you can find markets that are easily and quickly reached. High quality tuna sashimi is transport from Japan to western China in nine hours. Darwin is also a nine hour flight away.



How often have you gone on a holiday and done a little business on the side to write it off on your tax? The same thing happens everywhere else. Tourism leads to business. This was a topic much talked about as it tied into many of the other topics. With an increase in the number of Chinese tourists coming to the NT, there also needs to be an increase in Australian tourists going to China. The more Territorians see their preconceptions of China are totally wrong, the more likely returning business

owners can see the benefits of engaging with China. Shenzhen is a technologically advanced city and the NT is in a unique position to engage with it through the Donghai flights.



One of the final topics focused on Territorian tourism. The consensus was that we need to ditch Bali. Shenzhen can offer so much more in terms of relaxation, indulgence, experiences and entertainment. Matt of Darwin Airport outlined the steps Donghai airlines are making to streamline bookings and services for Australians looking to visit Shenzhen and hopefully onwards to other parts of China. I would strongly encourage anyone who is thinking of a new destination for a holiday to give China a chance.

From Alexander O'Malley



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



## Refining for Long Term Brand Strategy for the China Market

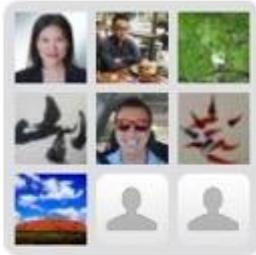
With China becoming an increasingly competitive market, it's vital to understand how to make your product stand out and align with Chinese tastes. On this episode we speak with Andrew Kuiler from The Silk Initiative in Shanghai about refining your long term brand strategy in China. We discuss the Chinese consumer's evolving tastes, the central government's health targets and considerations businesses need to take regarding the labelling, packaging and flavours of their products from a company with extensive China market experience with clients such as Arnot's, PepsiCo, Campbells, Pizza Hut, McCain Foods and Brolos Lobsters.

Go to - <http://acbc.com.au/podcasts>

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**JOIN THE ACBC MEMBERS WECHAT GROUP FOR  
UP TO DATE ACTIVITY DETAILS**

**NT ACBC members are involved any many different business activities. This Wechat group is designed to keep members up-to-date with what is happening.**



**ACBC NT Members**



该二维码7天内(10月22日前)有效, 重新进入将更新

# ACBC NT END OF YEAR DINNER



## RENDEZVOUS CAFE

NT House, 22 Mitchell Street, Darwin

6 pm start 5 course meal \$45 members \$50 non-members

Cost does not include beverages and corkage per head apply for wine/beer.

[CLICK HERE TO REGISTER NOW](#)

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## ECONOMIC OPPORTUNITY KNOCKS ON AUSTRALIA'S DOOR

For the past 45 years ACBC has consistently worked to promote and strengthen bilateral trade and investment between Australia and China. China is now Australia's Number One trading partner with bilateral trade hitting \$183 billion this year. China's extraordinary economic growth combined with a positive Australia China relationship has been a significant factor in Australia's record breaking 27 years of uninterrupted economic growth.

As China continues to shift its economy to a consumption basis, China will host the inaugural China International Import Expo (CIIE) this year which will be held in Shanghai from 5-10 November. CIIE will be immediately followed by Alibaba's 24 hour mega-shopping event, Singles Day on 11 November. CIIE is President Xi Jinping's signature trade event for 2018 promoting global trade and economic growth. It will be attended by President Xi Jinping, world leaders, government ministers and over 200,000 buyers and consumers. More than 2,800 companies from over 130 countries will participate in CIIE.

Australia will be represented at CIIE by the Federal Trade Minister Simon Birmingham, State and Territory leaders, Australia's Ambassador to China Jan Adams and Austrade CEO Stephanie Fahey, as well as over 150 Australian companies who have registered to exhibit at CIIE including many ACBC members.

The National Board of ACBC led by National Chairman John Brumby will have a strong presence in Shanghai during CIIE to support its members and to continue its mission of strengthening bilateral trade and investment. ACBC will launch its latest report Doing Business in China in partnership with KPMG, AustCham and University of Melbourne. ACBC will also hold a Board meeting in Shanghai to coincide with this important platform of the Chinese Government to strengthen global trade. ACBC National Sponsor Rio Tinto has kindly offered to host the ACBC Board meeting in Shanghai.

### Key Facts about CIIE

- President Xi Jinping's signature trade & economic diplomacy event for 2018
- 2,800 companies from 130 countries will exhibit including 150 Australian companies
- 200,000 buyers and consumers are expected to attend
- In the next five years, China expects to import more than US\$10 trillion worth of goods and services as China continues its economic shift to a consumption basis
- President Xi will open CIIE with the Hongqiao International Trade Forum on 5 November which will feature world leaders and government ministers from 60 countries
- Federal Trade Minister Simon Birmingham will attend CIIE
- CIIE is supported by Austrade, DFAT and Tourism Australia

From The Hon John Brumby AO,  
National President, Australia China Business Council

# APEC SME BUSINESS SUMMIT, SHENZHEN, November 27/28

The APEC SME business summit will bring together SMEs from the Guangzhou region, and from across the APEC community. Themed as "Joint Consultation , Construction and Sharing, Innovation, Cooperation and Development", APEC SME Business Forum 2018 will focus on topics concerned by SMEs such as regional cooperation , sustainable development, entrepreneurship and innovation, high growth enterprise cultivation. Combining the Belt and Road Initiative and The Greater Bay Area development plan, candid and constructive discussions will be carried out, advice and expectations from industrial and commercial sectors will also be submitted to the 2019 APEC SME Ministerial Meeting.

There will be limited opportunity to exhibit expo-style. However the organising committee has developed a business meeting/ business matching program.

If you are interested in attending as a delegate and taking part in business matching then please contact [acbcnt@acbc.com.au](mailto:acbcnt@acbc.com.au) and we will send you more details and registration forms..

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## ASIAN LOGISTICS AND MARITIME CONFERENCE (ALMC)

The Asian Logistics and Maritime Conference (ALMC) will return on 20-21 November in Hong Kong for its 8th edition. This year, ALMC will continue the dialogue on trending industry topics, as well as offering a platform for exhibitors and participants with plentiful opportunities to exchange views and get connected to potential business partners. Below is a brief overview of ALMC 2018:

### Conference Programme

This year's discussions will focus on the following topics:

- Asian Connectivity in a new global and regional economic order (Day 1 Plenary)
- New Retail Revolution and its impact on logistics and supply chain management (Day Plenary)
- Logistics technology

The conference will be divided into distinctive forum tracks focusing on discussions in different sectors. Moreover, Regional Forums will be hosted by different countries or regions to explore business opportunities in their regions.

Discount Code (brings the usual registration price of USD220 down to USD58) - A8BOSY.

Register at <http://www.hktdc.com/ncs/almc2018/en/s/part-details.html>

2017 Report & 2018 Brochure - [https://hktdc-my.sharepoint.com/:f/g/personal/jrho\\_hktdc\\_org/EhxPVis2bmFNvRvtxgHgSjoBNu-C1XbmQCyhT6hieNy5uQ?e=qNC1zN](https://hktdc-my.sharepoint.com/:f/g/personal/jrho_hktdc_org/EhxPVis2bmFNvRvtxgHgSjoBNu-C1XbmQCyhT6hieNy5uQ?e=qNC1zN)

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## NT ACBC Branch Meeting Dates 2019

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
28-Nov	8-9 AM
6-Feb	8-9 AM
20-Mar	8-9 AM
1-May	8-9 AM
12-Jun	8-9 AM
24-Jul	8-9 AM
4-Sep	8-9 AM
16-Oct	8-9 AM
27-Nov	8-9 AM

## 2018-2019 NT ACBC Executive

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

Willem Westra Van Holthe – Primary Consulting International (**Vice President**)  
[willem.westra@bigpond.com](mailto:willem.westra@bigpond.com)

Justin Gill – Adobe Homes (**Vice President**) [jg@newabode.com.au](mailto:jg@newabode.com.au)

Kelvin Chan – Ausyn Education (**Vice President**) [marketing@asedu.com.au](mailto:marketing@asedu.com.au)

Richard Ting – Darwin City Hotel (**Treasurer**) [hdting@yahoo.com](mailto:hdting@yahoo.com)

Joseph Aladin - Deloitte Touche Tohmatsu [jaladin@deloitte.com.au](mailto:jaladin@deloitte.com.au)

Gloria Chang - Nidus Innovation and Enterprise Pty Ltd [gloria.chang@nidus-aus.com](mailto:gloria.chang@nidus-aus.com)

Martin Kelly – Finlaysons [Martin.Kelly@finlaysons.com.au](mailto:Martin.Kelly@finlaysons.com.au)

### Ex-Officio members

Wayne Fan/ Chris Mouat – Department of Business

Cecila Brennan - Dept. of Foreign Affairs and Trade

Austrade - Martin Ferreyra

NT Tourism – Daryl Hudson

Lisa O'Donoghue – South Australia Liaison

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## PROPOSED NT BRANCH CHINA BUSINESS BRIEFINGS 2019

The Business Briefings in 2019 will 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](mailto:acbcnt@acbc.com.au)

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## 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 publish 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](mailto:acbcnt@acbc.com.au)

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## 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.

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## ACBC NT WELCOMES NEW AND CONTINUING MEMBERS

TREETI BUSINESS CONSULTING, Megan Holzfeind [megan@treeti.com.au](mailto:megan@treeti.com.au)

Have your member business profile included in the newsletter. Send details to [acbcnt@acbc.com.au](mailto:acbcnt@acbc.com.au)

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

### Renminbi set at lowest daily rate in a decade

China's central bank set the renminbi at its weakest level against the dollar in over 10 years on Tuesday, which investors have taken as a sign that a larger slip in the currency could be around the corner.

The People's Bank of China set the daily rate at Rmb 6.9574 to the dollar, with the currency falling a further 0.02 when markets opened. The currency has not been given such a weak rate since May 2008, according to the Wall Street Journal.

The daily reference rate is set by the central bank based partly on the previous day's closing price and overnight swings, but with some degree of deliberation to offset unwanted swings.

China's policy makers face the dilemma of opening up the country's financial markets to a greater role by investors in guiding price levels, while resisting the apparent downward pressure on the currency to avoid the exchange rate passing the symbolic Rmb 7 level.

### Trump confirms more China tariffs are on standby

The President said that he is ready and willing to slap tariffs on the remainder of China's imports into the US if no agreement is reached when he meets with Xi Jinping next month, but said he is confident of a "great deal."

"I think that we will make a great deal with China and it has to be great, because they've drained our country," Trump told US media. "And I have \$267 billion waiting to go if we can't make a deal."

Trump said that he would like to make a deal with China now, but that the two sides were not ready for it. There were no specifics on what concessions he would like from Beijing.

The US has already applied tariffs on \$250 billion of Chinese goods, with China hitting back with duties on \$110 billion of US imports.

### Japan and China should work together to promote free trade, says Li

China and Japan should jointly work to support free trade and global growth, said Chinese Premier Li Keqiang during a speech in Beijing that kicked off the visit of Japanese Prime Minister Shinzo Abe, Reuters reports.

Both Asian countries have an interest in developing closer ties to safeguard against a further escalation in trade tensions with the United States. This is the first state bilateral visit between the two countries in seven years.

"We hope both sides would work hard to promote regional peace, safeguard multilateralism and free trade, and become the axis of stability, growth and momentum for not just Asia but the world," Li said at the set-piece event in the Great Hall of the People.

Abe responded that China and Japan had "an indispensable role [to play] in the economic development of not just Asia but the world."

The two countries are expected to sign up to 50 memoranda of understanding on joint economic projects. Japan is hopeful that it may even convince China to honor their 2008 agreement to co-develop gas fields near disputed islands in the East China Sea, which both countries claim and which have caused enormous diplomatic tension in recent years.

### US withdrawal from Universal Postal Union deals blow to China

President Donald Trump is withdrawing the United States from a long-standing international agreement that lowers shipping costs for Chinese companies sending packages to customers in the US, drawing praise from American manufacturers.

The White House has said that the decision to withdraw was taken after efforts to revise the treaty, which includes 192 nations as signatories, received an international rebuke. Officials have said that they would rather stay in the system but not in its existing format.

The withdrawal process will last at least one year, notes Bloomberg, with postal rates staying fixed for at least the first six months while negotiations are permitted.

"If negotiations are successful, the administration is prepared to rescind the notice of withdrawal and remain in the Universal Postal Union," said White House Press Secretary Sarah Huckabee-Sanders. The move was lauded by US manufacturers, who call the discounts a \$170 million subsidy to Chinese companies paid by the US Postal Service.

For more China business news and information, visit [www.chinaeconomicreview.com](http://www.chinaeconomicreview.com)

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### 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](http://www.acfsnt.org.au) The facebook address is <https://www.facebook.com/acfs.nt>

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**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 [acbcnt@acbc.com.au](mailto:acbcnt@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 [acbcnt@acbc.com.au](mailto:acbcnt@acbc.com.au). 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	<b>NT Branch</b>
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	
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City	
State	<b>Northern Territory</b>
Post code	
Postal address	
Please cross out if you do not want your contact details to be given to third parties who issue event invitations to ACBC members	I agree to be included in all associated ACBC and appropriate third party event notifications
Country	<b>Australia</b>

**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: [abcnt@acbc.com.au](mailto:abcnt@acbc.com.au)**

<b>Membership</b>	<b>TOTAL</b>
<b>NT Government Departments</b>	1024.87
<b>Companies</b>	
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