

CHINA IN TOUCH



An ACBC Northern Territory Newsletter

February 28 2018, Issue 222

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

NT President's observations

The Cultural Revolution is infamous for its attack on the four olds – customs, culture, habits, ideas. Despite extensive destruction of people and artifacts the Red Guard rampage only forced long standing traditions underground. Many of these traditions never disappeared and we still see them in operation when we try to get a haircut in the week before Chinese New Year. The barber shops are overflowing so people can avoid cutting their hair or fingernails during Chinese New Year.

Chinese New Year, or Spring Festival, is another hardy survivor of the Cultural Revolution purges. Starting the new year on the right foot is crucial because it sets the potential for the next 12 months. Luck, health, and prosperity need to know that they are welcome to hang around in the upcoming year. Columns of Chinese calligraphy, *chunlian*, adorn each side of the main entrance. Red packets, or *hong bao*, are prepared for distribution.

Another pre-Chinese New Year tradition that remains strongly in place is a house clean. This is literally a new broom and a clean sweep in preparation of the New Year. The custom is the origin of the English expression Spring Clean.

Traditionally, the house is swept, cleaned, and decorated for optimal feng shui. Broken items, dead plants, and all clutter are thrown out to make room for better things that are sure to come. It means an extra workload for the rubbish services as old and broken items large and small are discarded in rubbish skips across China and wherever there is a significant Chinese population.

The financial market is no different. Poorly performing stocks are discarded. Investment portfolios are cleaned out and straightened up. It's a once a year rebalancing as the old is discarded to be replaced by the new after Chinese New Year. This year the cleanout has been particularly vicious with a 14% fall in the Shanghai index.

Although our attention is largely focused on US markets in reality it's the health of the Chinese economy that determines the health of the Australian economy. A healthy Chinese economy is essential for Australian exporters so it's good to put the Shanghai market fall into context.

The extent of the fall and the momentum of the fall was a major surprise. In much weaker market conditions in 2017 there was only a minor retreat prior to Chinese New Year. In 2018 the market was much stronger, although the very fast rise from December 2017 left room for a strong pullback and consolidation.

Unfortunately the cleanout was given additional impetus from the collapse of the US market with a 12% retreat in the Dow. There was a time when the Shanghai Index was largely impervious to the antics of Western markets but that time has changed. It's a perhaps unwelcome side effect of China's increasing integration with global markets. It is a consequence of the internationalization of the Chinese economy and capital markets. The pre-Chinese New Year sell-off would have taken place despite any international activity. The cleanout was magnified by the coincidental timing of the US market collapse. A bad combination.

Some suggest that the development of an active short-selling market in the China market would help arrest the speed and extent of the fall. This certainly applies in less frenetic market retreats as it gives investors alternatives other than simply trading from the long side and taking losses. However, as the US markets showed, in a market panic short selling does little to stop the rapid market collapse.

The little piles of discarded items that come with Chinese New Year traditions have a bright side. What has been discarded needs to be replaced by something new. On one level this gives a boost to the post-Chinese New Year retail sales. It also gives a boost to the Shanghai Index after the Chinese New Year holiday. Portfolios are rebuilt and this year the market post-Chinese New Year sales have some real bargains on offer.

Daryl Guppy,
President, NT Branch,
Newsletter editor



Everything you need to know

July 10, 11, 12, 2018, Darwin NT

KEEP THESE DATES FREE

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

Recently confirmed speakers include: Paul Henderson (Former NT Chief Minister, Director Bespoke Territory), Andrew Hopper (Deputy CEO, NT Tourism), Alister Trier (Chief Executive Dept of Primary Industry and Resources); Rod Applegate (Deputy CE and head of Mines and Energy) The China Council for the Promotion of International Trade (CCPIT) has also confirmed they will send a keynote speaker.

These join previous confirmed speakers : **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); Mike Hughes, (CEO WestSide Corporation and MD Darwin Port, Shandong Landbridge Group)

DAY 1

PLENARY SESSION BELT AND ROAD INITIATIVE EXPLANATION

What is the Belt and Road Initiative? Threat or opportunity Overview from Chinese and Western perspectives

BRI TRADE COMPONENTS

BRI Infrastructure elements

BRI Finance - investment structure, capital movements, AIIB, Silk Road Fund

BRI digital silk road structure/ regulation

NT PROJECT STRATEGY AND DEVELOP NORTH BRI COMPATIBILITY

Develop North policy outline

Project success and progress

Chinese investment attraction conditions

GALA DINNER

DAY 2

TEAM NT - PROJECT SPECIFIC PLENARY

Structuring investment proposals for BRI compatibility. Chinese and Western perspectives. How to prepare

Breakout 1 Agriculture

Breakout 2 Infrastructure including tourism

Breakout 3 Resources

Breakout 4 Department of business

Breakout 5 Education

Breakout 6 Tourism

PLENARY

Conclusion and summary

DAY 3

SITE AND PROJECT VISITS

PRESIDENT XI MOVES TO EXTEND TERMS

We have a very good understanding of the political structures of the United States. It doesn't prevent them from seeming to be illogical at times, but we know how the congress, the Presidency and State Governments work.

No so when it comes to China. We have a very limited understanding and much of what we do know is formed by very shallow head-line grabbing analysis.

We reprint analysis from North Head, based in Beijing.

2018 will see the "New Era" declared by Xi Jinping at the 19th Party Congress take shape in new personnel and changes in the structure of governance. This year's National People's Congress is likely to be particularly significant, with speculation of "mega ministries" for environmental protection and other areas, and possible removal of term limits for the president and vice-president. The centralization of power under Xi means that the Party is poised to push forward on reforms necessary to fulfil its ambitious centennial goals, while also increasing risks of overzealous implementation of policy.

Opening on March 3, this year's Two Sessions will see a wave of new appointments for government positions on the central and local level. These stakeholders will play a key role in implementing Xi's vision of a strong, healthy, consumer-driven China. Understanding these moves is key to grasping the direction of policy that will impact companies operating in China in the months and years to come.

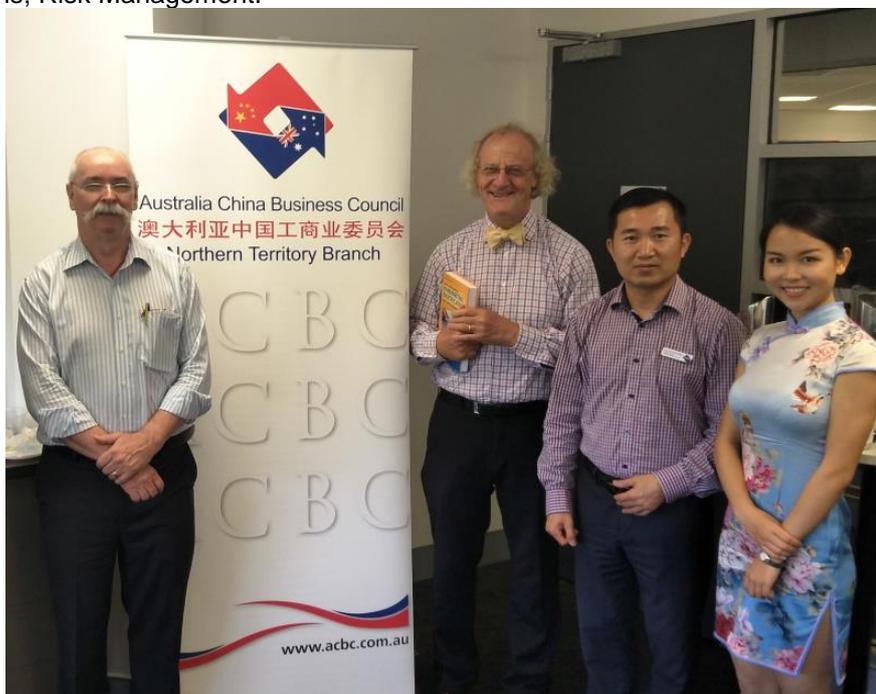
The meetings come at a tense time in the US-China relationship, when simmering disputes shelved during the first year of Trump's administration have begun to boil over in trade actions. This background poses unique risks and has already impacted policymaking in Beijing in areas such as trade, market access, and investment incentives.

Additional information can be obtained from North Head

From Benjamin Carlson at bcarlson@northheadcomms.com and other sources.

DOING BUSINESS AND INVESTING IN CHINA

Ms Niki Chen from the Confucius Institute 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 examining 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.

AUSTRALIA CHINA FRIENDSHIP SOCIETY DINNER

The Australia China Friendship Society held their annual Chinese New Year Dinner. ACBC members were invited and attended. President ShuQin Li gave a brief recap of ACFS activities in 2017. Mayor Vatskalis noted the important role the ACFS plays in the Darwin community. ACBC President Daryl Guppy thanked ACFS for the invitation to join them in the co-operation visit to Yunnan and Guiyang.



An expanded dance troupe added colour to the dinner with an vigorous dance performance.

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)
-

NOT JUST A PROBLEM IN AUSTRALIA

A duty-free store at London's Heathrow Airport has issued an apology on Chinese social media for treating Chinese travellers differently to its other customers during a recent discount campaign. World Duty Free Group offered a voucher for customers who spent more than £250 at its eight stores at the airport, but Chinese customers had to spend four times that amount to receive the same voucher.

"After close self-examination and having made further investigations, we have taken urgent steps to correct the implementation of this promotion going forward," the company said in a statement on Weibo, the Chinese micro-blogging site, on Tuesday.

The statement came after a public outcry in China, sparked by a Weibo post published by a Chinese student who works part-time at one of the World Duty Free stores at Heathrow. The student's post highlighting the store's discriminatory policy was shared more than 87,000 times.

From China Economic Review

CHINA REGIONS GUIDE - JIANG XI 江西

This province holds an important place in modern Chinese History. This was the base for Mao's Communists and the Long March started from this province. It is also famed for the production of fine ceramics and porcelain. Lushan is an old mountain resort built for Western businessmen and missionaries in old China. It is the setting for the book China Cuckoo. Jiangxi is the base for the large listed company, Jiangxi Copper. The province has developed the largest copper mine in Asia and its copper smelting base is the largest in China. These notes are designed to give you more starter points so you can talk to guests from Jiangxi about the distinctive features of the province. This series is designed to give some basic background information on some of the provinces and cities in China. Its not an exhaustive list but a starting point for conversation.



Map from www.wikipedia.org

General background

Jingdezhen city also known as the Porcelain City of China.

This remains an under developed province. Road links and infrastructure are not well developed. The southern half of the province is hilly with ranges and valleys interspersed; while the northern half is flatter and lower in altitude. The south of the province is mainly agricultural. The north is more industrialized with a large port on the Yangtze River. The Gan River dominates the province, flowing through the entire length of the province from south to north. It enters Lake Poyang in the north, the largest freshwater lake of China; that lake in turn empties into the Yangtze River, which forms part of the northern border of Jiangxi.

Jiangxi is centered on the Gan River valley, which historically provided the main north-south transport route of south China. The corridor along the Gan River is one of the few easily traveled routes through the otherwise mountainous and rugged terrain of the south-eastern mountains. This open corridor was the primary route for trade and communication between the North China Plain and the Yangtze River valley in the north and the territory of modern Guangdong province in the south. Jiangxi has been strategically important throughout much of China's history.

History

The region has been famous for its ceramics and porcelain since 206 BC. The town of Jingdezhen is close to kaolin deposits and became one of the first industrial cities more than a thousand years ago. It was here that Chairman Mao started the Long March. It was also here that he decided the foundation of the revolution rested with the peasants rather than with industrial workers as in Russia. He created the Jiangxi Soviet which was his powerbase until 1934.

Industry

The province has developed the largest copper mine in Asia and its copper smelting base is the largest in China. Jiangxi is rich in mineral resources, leading the provinces of China in deposits of copper, tungsten, gold, silver, uranium, thorium, tantalum, niobium, among others. Noted centres of mining include Dexing (copper) and Dayu County (tungsten). It is also one of the oldest coal mining areas. There are many large mines, and many more small mines. The safety record is very bad.

Heavy industry is a major contributor to the economy of the province. Industry includes cars, steel, machinery, petrochemicals, electronics and textiles.

The economy is still largely dependent on agriculture with rice and tea as major contributors.

Food

Jiangxi cooking favours strong spicy flavours. Chili peppers are directly used as vegetable instead of as a flavouring. There are rarely any cold dishes or anything served raw .

The reason why is that Jiangxi cooking uses tea oil as its primary cooking oil. However, if the raw tea oil is consumed uncooked, it would cause severe stomach problems for most people. As a result, any dish that uses the oil is cooked.

Due to its geography Jiangxi is famous for freshwater fish banquets. Other famous dishes include Stewed Chicken with Three Cups of Sauce, Steamed Streaky Pork with Soy Sauce and Cooking Wine, Braised Pork with Bamboo Shoots, Sautéed Preserved Pork with Artemisia Selengensis Turcz . Artemisia Selengensis is a type of green vegetable which has a special fragrance. Normally, its stalk is edible and has a crunchy bite. When cooked with meat, it is very tasty.

Other dishes include Steamed Streaky Pork and Spare Ribs with Glutinous Rice Flour, Braised Shredded Herring, Deep Fried Frog, Steamed Deep Fried Tofu with Meat Fillings, Steamed Beef with Rice Flour, Boiled Wonton and Noodles, Steamed Daikon Dumplings with Pork and Fish and Huangyuan Glutinous Rice Cake.

The last characteristic of Jiangxi cooking is its heavy emphasis on the utilization of douchi (fermented black beans) and tofu, in comparison to other Chinese cuisines. Fried tofu is a must for everyone during the celebration of Chinese New Year.

Attractions

Near the northern port city of Jiujiang is the well-known (and expensive) resort area of Mount Lushan. Lushan is abundant in scenic spots, springs, rocks of fancy shapes, and waterfalls, for which it is especially famous. In the summer Lushan is a perfect resort place, and in the winter it presents a unique snow clad mountain view. On the mountains there are also many ancient temples and Buddhist cultural relics. This purports to be the birthplace of Taoism and hence has great symbolic value to Taoists. Also near the city are two important Buddhist temples Donglin Temple and Tiefu Temple.

The region has many interesting temples, cave complexes, mountains and villages.

Yanshui Pavillion, Mist and Water Pavillion stands on a 1,400 square meter isle in Lake Gantang, located in the center of Jiujiang City. Though called a pavilion, it is a series of structures connected by corridors and small paths. Beautiful names have been given to the various buildings, such as the Chuanting Hall, the Cuichaoxian Pavilion, the Jingbo Tower, and the Jinyue (Moon-Reflection) Pavilion.

Jingdezhen, in northeast Xiangxi, has a population of 290,000. Jingdezhen is famous for its manufacture of porcelain and is known as the Porcelain Capital of China. Jingdezhen has a history of porcelain-making that goes back more than 1,000 years. In as early as the Sui and Tang Dynasties, porcelain-making here was already well-known, and the porcelain products are described as Jade-like wares. Many spots to visit are connected with the porcelain-making, such as the Museum of Ceramic History, the Ancient Hutian Kiln Site, and various porcelain factories.

Capital city – Nanchang population

Population is around 4 million. The city is famous for its many Communist history landmarks. The city has very hot summers and freezing winters. The city has three investment zones but they are not well developed.

Weather

July/August 26 to 33. Jan/Feb 2 to 9

Additional Resources

www.jiangxi.gov.cn

Compiled from multiple sources by Daryl Guppy

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

Kelvin Keung – Homebuild NT (**Vice President**) kelvin@homebuildnt.com.au

Willem Westra Van Holthe – Primary Consulting International (**Vice President**)

willem.westra@bigpond.com

Fiona Liu – Synergy admin@synergy-migration.com.au

Wei Dong - AUSTRALIA ASIA INTERNATIONAL CONSULTANTS

will@aainternationalconsultants.com.au

Joseph Aladin - Deloitte Touche Tohmatsu jaladin@deloitte.com.au

Lisa Goodhand –Wildman Wilderness Resort lisa@chinablueprint.Com.au

Annie Zhu – SmartMate annient@qq.com

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

Whittles Body Corporate Management Limin Sun Limin.Sun@whittles.com.au

Adobe New Homes Justin Gill jg@newabode.com.au

Sky City Darwin Avril Baynes avril.baynes@skycitydarwin.com.au

Knight Frank Darwin Chris Deutrom Chris.Deutrom@au.knightfrank.com

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.

Xi's economic adviser Liu He to visit US to ease rising trade tensions

Veteran of the current Chinese administration and key economic adviser to President Xi Jinping, Liu He, will visit the United States on February 27th to deescalate trade tensions between the two countries, according to Caixin Global.

Liu is expected to revive agreements made during President Trump's visit to China last November regarding such issues as opening-up of the manufacturing sector and protection of intellectual property.

Liu is regarded by analysts of the region's economy as a proponent of reform and has been central to China's supply-side structural reform.

China makes it easier for foreign banks to do business

Xinhua reported on Sunday evening that China's state banking regulator has introduced legislation to cut red tape for foreign banks in a bid to further investment into the country's financial sector.

The new policies, effective since February 13th, appear to be confirmations of measures drafted in December by the China Banking Regulatory Commission (CBRC). The overall effect will be less bureaucracy for foreign banks engaging in activities such as lending and branch openings.

Such banks will now only have to report services to authorities, instead of gaining approval in advance of operations. The changes will apply to four areas of finance, including wealth management products and portfolio investment funds, according to a report released by the CBRC.

Australia, India, Japan, and US suggest Belt and Road alternative

Australia, India, Japan, and the U.S. have begun talks of a collaborative infrastructure-investment programme, Caixin Global reports, which will act as a counter-weight to spreading Chinese influence in developing market economies throughout the Asia-Pacific region. Australian media sources described the venture as an alternative to China's ambitious Belt and Road Initiative, both having the stated goal of promoting infrastructure and growth in countries along the old Silk Roads spanning Eurasia. The plan is still "nascent" however, according to newspapers. This is expected to be a significant talking point between Australian Prime Minister Malcolm Turnbull and U.S. President Donald Trump during his three-day visit to the U.S. on Wednesday, where he will be accompanied by a small entourage of Australian political and business leaders.

JP Morgan named yuan clearing house in U.S.

JP Morgan Chase Co. has been named by the Chinese government as the national clearing house for the yuan, Reuters reports, in an agreement made between the U.S. Federal Reserve and the People's Bank of China.

Following a strategic and economic dialogue between the U.S. and China in 2016, both countries resolved to pick a yuan clearing house, the Bank of China acting as the U.S. choice in the States.

The announcement comes at a time of rapid appreciation in the Chinese currency, which the government hopes will continue to gain global clout. January was the 12th consecutive month of appreciation for the yuan, which stands at record highs against the dollar.

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 acbnt@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.

NOTE. The views of contributors are their own and do not necessarily reflect the views of the ACBC NT or the ACBC. Content is copyright and cannot be used without permission



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
 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 **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
Student member (non-voting)	88.00