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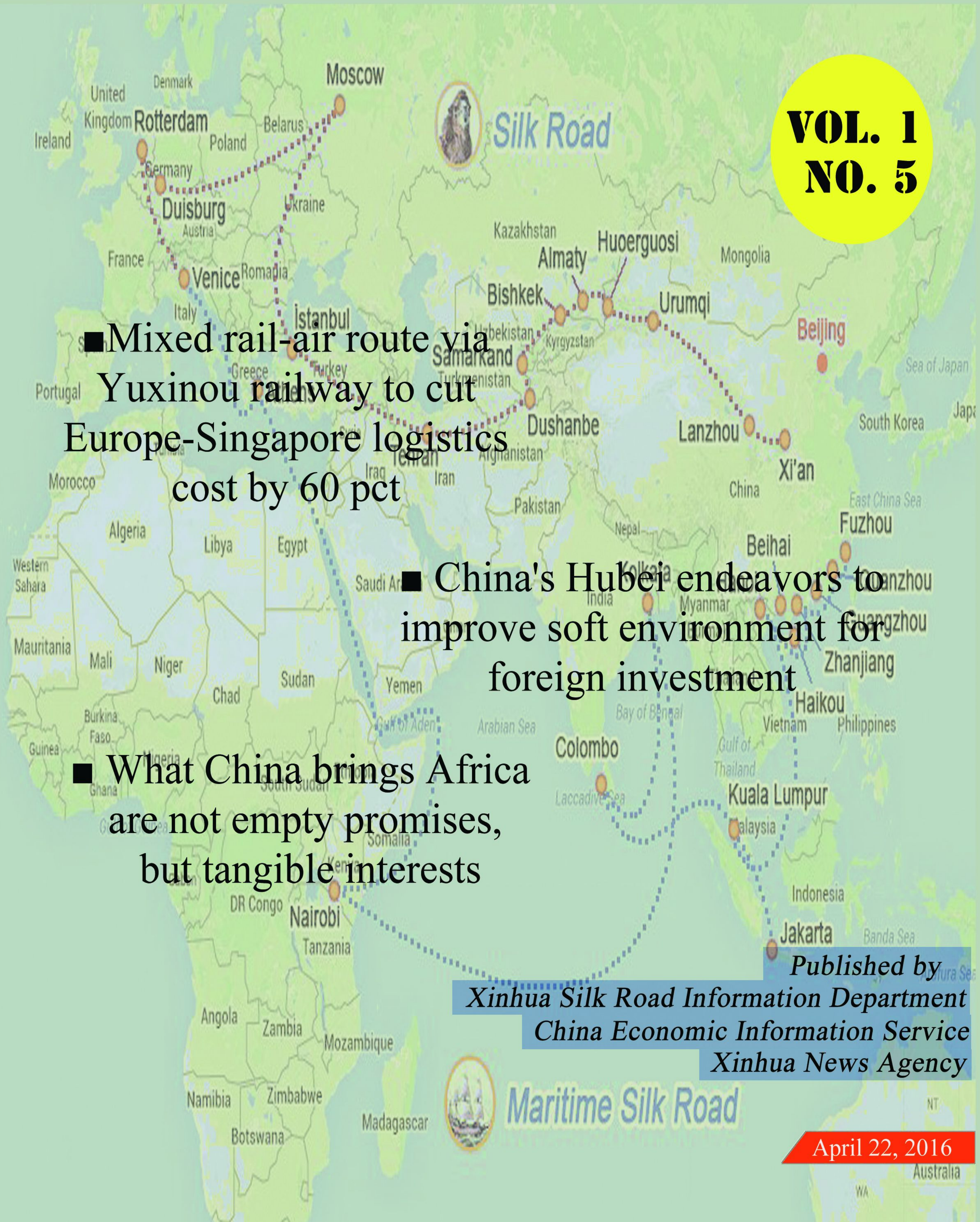

■Mixed rail-air route via Yuxinou railway to cut Europe-Singapore logistics cost by 60 pct

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■ What China brings Africa are not empty promises, but tangible interests

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Content

Cover Story

Mixed rail-air route via Chongqing-Singapore-Europe railway to cut Europe-S'pore logistics cost by 60 pct

(Photo 1: The first Chongqing-Singapore-Europe train that returns from Germany is arriving in Tuanjie Town of Chongqing on March 18, 2013)

CHONGQING -- Up to 60 percent costs could be cut if goods are transported from Germany to Chongqing by rail and flown to Singapore, the Singapore-based Strait Times quoted Chongqing mayor Huang Qifan as saying at a seminar.

Huang made the remarks during the Chongqing Connectivity Initiative (CCI) Seminar with a Singapore business delegation in the south-western city on April 16.

He said Singapore and Chongqing are piloting a new cargo transport route later this month. European goods will be transported via the Chongqing-Xinjiang-Europe International Railway, also known as the Chongqing-Singapore-Europe (Yuxinou) railway, in a 12-day journey, stored in tax-free zones and sent by air to Singapore.

The mixed rail-air route will shave logistics costs by 60 percent as air freight now costs five times that of rail freight, compared with the cost of transporting European goods, such as luxury products, via air to Singapore, according to Huang.

He also said that there are plans for 50 such Europe-Chongqing-Singapore cargo trips this year and 100 next year, with the first starting on April 28.

"If we do this well, we can also send goods to Bangkok, Kuala Lumpur, Taiwan or Hong Kong, or cities that are four to five hours' flight away from Chongqing," said Huang,

The Yuxinou railway, launched in January 2011, links Chongqing and Duisburg of Germany. It cuts the five-week shipping time of the past to only about two weeks, and costs 80 percent less than air transportation.

The railway begins in Chongqing, crosses the border into Kazakhstan at Alashankou, and passes through Russia, Belarus and Poland before reaching its terminus in Duisburg at the heart of Europe.

The international railway has boosted economic cooperation between all the countries along the route, and it has also provided a great opportunity for the opening up of inland cities in China.

According to statistics from Logistics Council of Chongqing Municipal Government, 257 trips were made along the route in 2015, doubled from 2014. By the end of February 2016, a total of 530 trips have been made, with the value of goods exceeding 10 billion U.S. dollars.

Chongqing aims to increase the number of trips to 360 in 2016 with more diversified goods.

The Singapore delegation of 29 companies arrived in Chongqing on April 15 for a two-day visit. This is the largest Singapore business delegation to visit the Chinese municipality since the CCI was launched when Chinese President Xi Jinping visited Singapore in November 2015.

The delegation comprises almost 50 senior representatives of companies from the financial services, aviation, transport and logistics, as well as information and communications technology sectors, which are the focus sectors for the CCI.

The CCI is the third Government-to-Government project between Singapore and China after the Suzhou Industrial Park in 1994 and the Tianjin Eco-city in 2008.

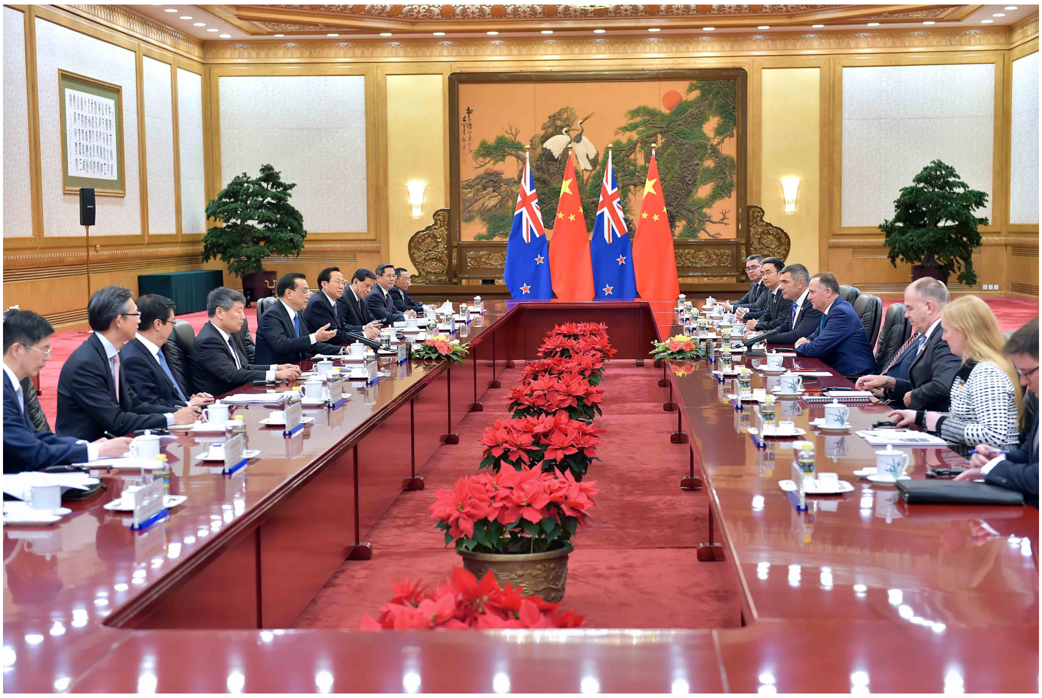
Table 1: Performance of Yuxinou international freight train

International cargo trains	Chongqing-Duisburg (Yuxinou)
Date of departure	2011.1.29
Station of departure	Tuanjie Town
Exit port	Alashankou
Terminus	Germany
Working time	12-14 days
Transport mileage	11179
Transhipment countries	China, Kazakhstan, Russia, the Republic of Belarus, Poland

(Source: Xinhua Silkroad Database, please visit http://db.silkroad.news.cn/en/ for more details)

Policy Express

China, New Zealand pledge to promote FTA upgrades



(Photo 2: Chinese Premier Li Keqiang (5th L) holds talks with New Zealand Prime Minister John Key (4th R) in Beijing, capital of China, April 18, 2016.)

BEIJING -- China and New Zealand pledged to further expand the bilateral trade and promote the negotiation on upgrading their free trade agreement (FTA) on April 18.

The pledge came out of the meeting between Chinese Premier Li Keqiang and his New Zealand counterpart John Key, who is on his sixth China visit from April 17-22.

China is ready to work with New Zealand to give full play to the FTA and create conditions for an early start of upgrading negotiation, Li said.

Since the signing of the New Zealand-China Free Trade Agreement in 2008, also the first FTA between China and developed countries, China has become one of New Zealand's top trading partners.

Li said the fast growing bilateral relations and ever expanding cooperation have ranked China-New Zealand relations among the top of relations with developed countries.

Key said New Zealand was willing to further strengthen cooperation with China in agriculture and animal husbandry in the spirit of reciprocity, and actively promote the negotiation on FTA upgrading.

The two sides signed five cooperation agreements in areas including agriculture, scientific research, quality inspection and quarantine, finance and education, after the talks.

Li urged the two countries to strengthen cooperation in the whole industrial chain of agriculture and animal husbandry from investment, scientific research, management to food security, and establish a long-term stable cooperative partnership.

He said China will support its entrepreneurs to participate in infrastructure construction programs in New Zealand and welcome New Zealand entrepreneurs to increase investment to China.

He called on the two countries to conduct more exchanges in education and tourism, strengthen dialogue and cooperation in legislature and law enforcement, and make closer communication and coordination on international affairs, so as to promote regional economic integration and a sustainable growth of regional and world economy.

Key said New Zealand attached high importance to the relations with China, respected China's core interests and supported China to play a role in international affairs.

Li also briefed Key on China's current economic situation. He said the economy has seen some improvement recently, the domestic demand such as consumption and investment has seen a faster growth than that of the fourth quarter of last year. The economy is operating within a reasonable range.

He said China needs to make more efforts to sustain the momentum of growth, due to the sluggish world economic growth in general, adding China will use policy tools flexibly, foster new drivers to growth and upgrade the traditional ones.

The two prime ministers also discussed international and regional issues of common concern.

After stay in Beijing, Key will also visit Xi'an and Shanghai. In his first visit to Xi'an, capital of northwest China's Shannxi province, Key would support New Zealand business and cultural links with Xi'an, and visit the city's international trade and logistics hub, part of China's Belt and Road initiative.

Key would also help to promote New Zealand's creative industries by attending the launch of the New Zealand Film Festival in Shanghai.

China's economic policy messages accepted by int'l investors

BEIJING -- International confidence in China's economic future obviously improved following the release of key statistics for its economic performance in the first quarter last week, as people outside China have come to accept China's "new normal" of slower growth between 6.5 percent and 7 percent.

David Dollar, senior fellow at the John L. Thornton China Center, Brookings Institution, said that macroeconomic measures put in place by the Chinese government have helped stabilize the economy, an improvement from several months ago when many were worried about "a hard landing."

"All this obsession with a Chinese hard-landing I think is a bit too much," Suan Teck Kin, an economist with the United Overseas Bank in Singapore, was quoted by Reuters as saying.

"Chinese economic data is showing signs of stabilization, including recent PMI numbers, as well as the latest figures on industrial production and retail sales," Suan said.

China's gross domestic product grew by an annualized 6.7 percent in the first quarter, with March industrial output surprising at 6.8 percent.

Its exports grew by 11.5 percent in March, the first expansion since June, though a lower base last year and seasonal factors associated with the Chinese New Year may be some distorting factors.

Retail sales in the first quarter rose by 10.3 percent from a year before, up from 10.2 percent in the previous quarter.

"The latest data are strong enough to show that despite its prolonged slowdown, China remains a main engine of global growth," the Associated Press reported.

The AFP also said that "green shoots (are) appearing" even though the quarterly growth has slowed.

Challenges remain as China tries to push through a transition from growth driven by investment and exports to growth led by consumption and the services sector.

Some of the observers voiced concerns over the rise in corporate debt while acknowledging the signs of recovery.

However, the International Monetary Fund (IMF) said in a report on April 13 that China's corporate debt risks are rising but still manageable.

The IMF report said risks are concentrated in five sectors such as real estate, manufacturing, retail and wholesale, mining and steel, where earnings relative to interest expense have fallen despite declining nominal interest rates.

It estimates that bank loans potentially at risk in China amount to almost 1.3 trillion U.S. dollars, which could translate into potential bank losses of 756 billion dollars.

"This number may seem large but it is manageable, given China's bank and policy buffers and continued strong growth in the economy," said Jose Vinals, director of the IMF's monetary and capital markets department.

In its latest quarterly forecast released earlier this week, the IMF raised its China growth projections for both 2016 and 2017 by 0.2 percentage point, a bright spot amid sluggish global growth.

Economists and analysts agree that the Q1 growth, though slowest in seven years, is in line with market expectations.

Chen Fengying, world economy research fellow with the China Institute of Contemporary International Relations, said people outside China have gradually come to accept the "new normal" of China as the authorities increased their communication efforts on the economic policies.

"The economists and investors outside China no longer expect 9 percent or faster growth," she said. "It is a process of China's messages of policy adjustments getting through to international investors."

No limit for investment by foreign banks, institutions in Chinese inter-bank market

BEIJING -- China won't limit investments by foreign central banks and similar institutions in the Chinese inter-bank foreign exchange (FX) and bond markets, official statements said on April 14.

But foreign banks and institutions must abide by Chinese laws and regulations and register their investments in the inter-bank FX market with the China Foreign Exchange Trade System and register their bond investments with the People's Bank of China (PBOC), the central bank said in statements posted on its official website.

For FX investments, foreign banks and institutions can choose to entrust the PBOC or inter-bank FX market members as the agent, become foreign members directly, or use multiple channels.

To invest in the bond market, foreign banks and institutions may also name the PBOC as the agent, choose an inter-bank bond market settlement agent or make direct investments.

The PBOC's statements also expounded on business processes for investments.

China to continue upgrading foreign trade in line with WTO rules

BEIJING -- China will continue to transform and upgrade its foreign trade in accordance with World Trade Organization (WTO) rules, an official from the Ministry of Commerce (MOC) said.

The statement, published on the MOC website, was made by an official in charge of the MOC's department of treaty and law after China and the United States on April 14 signed an MOU in Geneva to resolve a case involving China's foreign trade transformation and upgrading demonstration bases and common service platforms.

China has always followed WTO rules, and its WTO accession commitment, said the official.

China will continue to promote the transformation and upgrading of foreign trade in accordance with WTO rules and achieve steady and healthy development in this regard, the official added.

Close consultations have resolved misunderstanding about China's demonstration bases and confirmed that the policy aims to encourage the transformation and upgrading of foreign trade, the official said.

Economic Data

Chinese firms' overseas M&A only at USD16.6bln in Q1, in normal growth

BEIJING -- Overseas M&A deals by Chinese companies in Q1 was 16.56 billion U.S. dollars, a far cry from the 113 billion dollars cited by some reports, Shen Danyang, MOC spokesman said April 19.

Instead of the rumored 100 billion dollars, Shen said that the worth of overseas M&A deals by Chinese companies last year was 40.1 billion dollars, a mere 6.2 percent of the world's total M&A market value.

"It is an overstatement to say Chinese companies are 'buying out the world' as such a claim confuses finalized deals with those that are pending approval," Shen said.

According to Shen, Chinese overseas investment only accounts for 3.4 percent of the world's total, while the figure for the United States is 24.4 percent. China trails behind other developed economies such as the United Kingdom, Germany, France and Japan.

Overseas M&A by Chinese companies create win-win results, he said, citing the acquisition of AMC Entertainment by Dalian Wanda Group in 2012. The deal helped AMC turn losses into profits the same year, and be listed on the New York Stock Exchange the subsequent year, while some 1,100 new jobs were created in the United States.

In the first quarter (Q1) of 2016, cross-border M&A value rose to 324 billion U.S. dollars, 14 percent higher than Q1 of 2015, while volume dropped 10 percent to 1,202 deals due to the economic slowdown in China, the potential exit from the EU by the U.K., volatile equities markets and the fall in commodities prices, according to the quarterly cross-border M&A index released by international law firm Baker & McKenzie on April 19.

Baker & McKenzie pointed out that outbound deals from China covered a number of sectors including chemicals, business services and consumer goods, revealing a desire to access advanced manufacturing techniques and technological know-how to build global brands.

The biggest deal of Q1 2016 was the takeover of Swiss agrichemical company Syngenta by state-owned ChemChina for 45.8 billion U.S. dollars, as it attempts to boost its agricultural output in light of increased food consumption by the growing middle classes.

Chinese banks' forex sales rise mildly in March

BEIJING -- Chinese banks saw 36.4 billion U.S. dollars of net foreign exchange sales in March, up slightly from February but still markedly lower than the previous two months, official data showed on April 21.

Chinese lenders bought 117.7 billion U.S. dollars' worth of foreign currency last month and sold 154 billion dollars, the State Administration of Foreign Exchange (SAFE) said in a statement.

The data marks the ninth-straight month of deficit and was higher than the 33.9 billion dollars recorded in February. However, it has narrowed from the 54.4 billion U.S. dollars seen in January and 89.4 billion U.S. dollars in December.

The figures shows that the pressure of cross-border capital outflows has been gradually eased, SAFE spokesperson Wang Chunying told a press conference on Thursday.

In the first quarter, banks registered 124.8 billion U.S. dollars of net forex sales, according to the SAFE.

China's outbound investment rises 55 pct in Q1

BEIJING -- Chinese companies continued to invest big in the overseas market in the first quarter (Q1) of the year, the latest official data shows.

China's non-financial outbound direct investment (ODI) jumped 55.4 percent from a year ago to 261.74 billion yuan (40.34 billion U.S. dollars) in Q1, the Ministry of Commerce (MOC) said on April 14.

Hong Kong attracted the most investment from the Chinese mainland, accounting for 51.6 percent of the total, while investment to the United States more than doubled to 5.24 billion U.S. dollars. ASEAN received a total of 2.29 billion U.S. dollars of investment, up 44 percent year on year.

Some 5.4 billion U.S. dollars was invested in manufacturing in Q1, up 125.9 percent, nearly half of that channeled to equipment manufacturing.

Chinese firms spent 16.56 billion U.S. dollars on overseas acquisitions, covering 15 industries and 36 countries and regions.

The ministry said the Belt and Road initiative was a major push to business cooperation between Chinese and foreign firms. ODI to countries involved in the initiative was 3.59 billion U.S dollars, an increase of 40.2 percent year on year.

ODI in March rose 21.5 percent year on year to 66.4 billion yuan.

Moreover, contracted projects by Chinese companies earned 30.09 billion dollars of revenue in Q1, falling 5.3 percent on year. The value of newly singed contracts grew 1.4 percent from a year ago to reach 46.21 billion dollars.

During the first three months, 100,000 Chinese workers were sent overseas for labor service, 21,000 less than the same period of the previous year.

Specifically, 50,000 of the workers were sent out overseas for contracted projects by Chinese companies and the other for labor service cooperation. By the end of March, the number of Chinese workers providing labor service abroad totaled 991,000, 8,000 more than a year earlier.

China's investment in highways, waterways up 7 pct in Q1

BEIJING -- China's fixed investment in highways and waterways in the first quarter (Q1) reached 254.6 billion yuan (39.35 billion U.S. dollars), up 7 percent year on year, the transport ministry said Tuesday.

Of the investment, 228.9 billion yuan was in highways, a year-on-year increase of 8.5 percent.

The growth rate in western regions hit 11.1 percent year on year, which was much higher than central and eastern China, Ministry of Transport (MOT) data showed.

A total of 4.87 billion trips were made and 8.79 billion tonnes of freight were transported via railways, highways and waterways in Q1, MOT official Zhang Dawei said. The number of journeys was down 1.8 percent from the same period last year, and freight tonnage rose 2.1 percent year on year.

In Q1, the cargo-handling capacity of major ports increased 1.7 percent year on year to 2.76 billion tonnes, and the container throughput increased 1.9 percent to 50 million standard units, Zhang said.

Logistics business volume surged more than 50 percent in the first three months, he said, compared with the same period last year.

Zhang expects the current momentum in freight transportation to remain throughout the first half of 2016 while passenger traffic growth will remain subdued as a result of industrial restructuring.

Silk Road Insights

What China brings Africa are not empty promises, but tangible interests

(Photo 3: Yu Zhengsheng (2nd L F), chairman of the National Committee of the Chinese People's Political Consultative Conference, and Ghanaian President John Dramani Mahama (2nd R F) attend the inauguration ceremony of a gas power station project of Sunon Asogli, local subsidiary of Shenzhen Energy of China, in Accra, Ghana, April 18, 2016.)

BEIJING -- Rhetoric that attributes slowdown in African economy to China is unreasonable. The truth is China has brought Africa tangible interests on the basis of mutually beneficial cooperation rather than empty promises.

For starters, frequent high-level visits paid by the Chinese side to African countries showed the great importance China attaches to Africa and its determination to keep its promise to implement the outcome of the summit of the Forum on China-Africa Cooperation (FOCAC) held in Johannesburg, South Africa, in December 2015.

From Jan. 30 to Feb. 6, Chinese Foreign Minister Wang Yi paid a visit to Malawi, Mauritius, Mozambique and Namibia. For 26 consecutive years, Africa has been the destination of Chinese foreign ministers in their first overseas visit in any new year.

China's top legislator Zhang Dejiang paid a 10-day visit to Zambia, Rwanda and Kenya in March. And currently, top Chinese political advisor Yu Zhengsheng is on an official goodwill visit to Gabon, Cote d'Ivoire and Ghana.

Secondly, cooperating with China gains more and more popularity among African countries because they see tangible interests arising therefrom.

Take Nigeria, the most populous country and the largest economy in Africa, for instance. Deepening China-Nigeria cooperation plays an exemplary role in China-Africa cooperation.

Nigerian President Muhammadu Buhari, who just concluded his visit to China on Friday, is the first head of state of an African country to visit China after the Johannesburg summit.

During the visit, Chinese President Xi Jinping and Buhari pledged to further promote the strategic partnership between the two countries. The two leaders also witnessed the signing of several deals on cooperation in infrastructure, production capacity, investment, aviation, technology and finance.

Nigeria has now become China's largest overseas engineering contract market, third largest trading partner and main destination for foreign investment in Africa.

Thirdly, China has confidence in its economy and promising China-Africa cooperation.

A sluggish world economy has affected many African countries and the Chinese economy also faces a downward pressure.

However, it is unreasonable to attribute the fall in commodity prices and the slowdown in African economies to China.

China, as the second largest economy, the largest goods trader and one of the main sources of foreign direct investment in the world, still is a driving force of the global economy, especially for the economic growth of developing countries.

Amid insufficient global effective demand, China has carried out positive import policies, which has contributed to stabilizing international commodity markets. China's imports of energy resources, minerals and agricultural products kept rising in 2015.

Besides, the 10 major China-Africa cooperation plans that President Xi announced in December are designed precisely to help Africa deal with new challenges from the tepid global economy.

The plans are aimed at shifting the trade pattern dominated by resources to one that more relies on investment and industrial cooperation. By encouraging more Chinese investment in Africa, China is helping the continent accelerate its industrialization and boost its capacity for development.

"When China makes a promise, it always delivers," Foreign Minister Wang told a press conference in March.

Just three months after the FOCAC summit, China has gotten into touch with over 20 African countries to follow up on the outcome of the summit. A number of projects will materialize soon, and the China-Africa Fund for Industrial Capacity Cooperation has started operation.

In fact, the African people know the best about China-Africa cooperation. As many African leaders have said, China has never colonized Africa, rather, it has helped the continent emerge from poverty and realize development.

China's transformation offers opportunities for overseas businesses

BEIJING -- China's trillion-dollar economy, despite a slowdown, still offers huge opportunities for foreign investors, including British businesses, according to British officials and entrepreneurs.

China's new Five-Year Plan complements the United Kingdom's strengths and UK businesses must maintain an understanding of how the changing environment fits with China's long-term ambitions, said Michael Charlton, director-general of UK Trade and Investment in China at the recently concluded CHINA NOW 2016 Forum.

Charlton pointed out that UK businesses can seek opportunities in education and training, medical services, technology and green development.

Wider initiatives such as the Belt and Road also offer plenty of room for partnership in infrastructure, drawing on funding from the Asian Infrastructure Investment Bank and others, Charlton added.

UK exports of goods to China have jumped five-fold since 2004 and services exports have doubled since 2010. The UK remains the top destination for Chinese investment in Europe and is diversifying into areas such as technology, financial services and retail. The opportunities are there for UK companies in a greater range of fields than ever, according to the China-Britain Business Council.

Carma Elliot, head of the British Council in China, pointed out that while other sectors in China are suffering from overcapacity, UK-China cooperation in fields such as education are actually under capacity.

Global competitiveness in different sectors differs in China, civil aviation being a key example where China is competitive in component supply but lags behind in complete systems, said Patrick Horgan, director of NE Asia at Rolls-Royce, adding that "Made in China 2025" is designed to address such imbalances in various industries.

Ranking list for China's insurance brokers

BEIJING -- With the implementation of the Belt and Road Initiative, China's insurance brokers have embraced strategic opportunity for development. As two major functions of insurance, risk guarantee and financial integration are also regarded as two major areas for insurance industry to serve the Belt and Road Initiative.

The Chinese enterprises overseas security management report has listed insurance brokers in China whose annual operating revenues exceed 10 million yuan.

In 2014, there were 371 insurance brokers in China. Based on the business of the top 30 brokers in market shares, insurance brokers can be basically classified into three categories, namely shareholder resource-based ones, market-oriented ones and foreign-controlled ones.

Shareholder resource-based insurance brokers mainly operate business by relying on the resource of its shareholders. They always take the lion's share in insurance intermediary agencies and boast high profitability.

Market-oriented brokers conduct business by relying on their risk management team and rich experience, such as Haitai Insurance Agency & Consultant Service Ltd. and Beijing Zhonghui International Insurance Brokers Co., Ltd.

Foreign-controlled brokers mainly count on their professional risk management capability and globally-distributed outlets to conduct business, such as Aon-COFCO and Marsh.

Table 2: Chinese insurance brokers with revenues exceed RMB10mln in 2014
(Unit: mln yuan)

Number	Name	Assets	Operating revenues	Market share	Total profits	Profit margin
1	Yingda Changan Insurance Brokers Group Co.	1362.13	628.36	7.00%	286.5	33.98%
2	Jiangtai Insurance Brokers Co.	498.52	503.54	5.60%	59.18	8.19%
3	Aon-COFCO	402.28	492.04	5.50%	128.75	19.45%
4	Union Insurance Broker Co.	769.24	489.18	5.50%	66.25	8.78%
5	Mingya Insurance Brokers Ltd.	28.57	428.71	4.80%	12	2.80%
6	Marsh China	404.88	376.32	4.20%	105.94	21.11%
7	Willis Insurance Brokers Co.	402.25	317.07	3.50%	54.27	13.48%
8	Fanhua Bocheng Insurance Brokerage Co.	142.71	264.77	3.00%	0.79	0.30%
9	Kunlun Insurance Brokers	479	255.04	2.80%	155.75	45.69%
10	TPIB	161.82	193.64	2.20%	--	5.48%
11	Huaxin Insurance Brokers Co.	260.91	147.8	1.70%	109.94	55.64%
12	Air Union Insurance Brokers CO.	153.86	147.14	1.60%	48.53	26.76%
13	Guodian Insurance Brokers Co.	254.92	145.15	1.60%	108.71	56.17%
14	Haitai Insurance Agency & Consultant Service Ltd.	211.73	115.95	1.30%	4.81	3.11%
15	Beijing Zhonghui International Insurance Brokers Co., Ltd.	132.47	105.72	1.20%	18.73	16.18%
16	PIBC	15.85	105.41	1.20%	0.8	0.76%
17	China Power Investment Insurance Broker Co.	145.4	98.09	1.10%	81.96	62.53%
18	The People's Insurance Company (Group) of China Ltd.	14.24	95.98	1.10%	-3.41	-3.55%
19	Everpro Insurance Brokers	27.44	95.5	1.10%	-5.77	-6.04%
20	Chenghe Insurance Brokers Ltd.	200.45	88.9	1.00%	28.79	24.23%

(Source: Xinhua Silkroad Database, please visit http://db.silkroad.news.cn/en/ for more details)

Belt and Road Initiative to foster regional economic development, Australian expert

CANBERRA -- The Belt and Road Initiative will boost development of Southeast Asia and South Asia and bring benefits to Australia, said Gordon Flake, CEO of the Perth USAsia Centre at The University of Western Australia.

In his eyes, the focus of world economy is starting to shift to the Asia-Pacific region and the change is attributable to China's growing investment in these regions under the Belt and Road Initiative.

Flake said many countries were once concerned about investment from Japan in history and 10 years ago, some South Asian countries voiced concerns over labor system of the Republic of Korea (ROK).

However, now investment from Japan and ROK are not causing any worries any more but are welcomed, according to Flake, highlighting that China's investment in some countries are similar to circumstances that Japan and ROK have once gone through thus China shall be confident about the future.

In terms of geological location, Western Australia is relatively close to key cities in Asia and its abundant resources and high-level professional services such as finance all mean advantages in potential cooperation under the Belt and Road Initiative, holds Flake.

Company News

CMEC completes construction of a power station in Brest, Belarus

BEIJING -- China Machinery Engineering Corporation (CMEC) has recently completed construction of a thermal power station in Brest of the Republic of Belarus after over four years' efforts.

The power station, the second largest of its kind in Belarus, has an installed capacity of 427MW.

CMEC started the construction in September 2011 and finished ahead of schedule in March 2014. Until April 14, the Chinese enterprise has completed all the tasks including design, construction and maintenance, and helped Belarus save as much as 70 million U.S dollars worth of expenditure.

A representative from Belarus thought highly of China's equipment and personnel by saying that China's excellent technology are convincing. Its dedicated and disciplinary staff is impressive.

"It is the first time for China's combined cycle power generating unit to be exported abroad. 90 percent of the equipment for the project has been purchased from China," introduced Cao Qing, a representative from CMEC, adding that the experience drawn from the project will help Chinese enterprises "go abroad" and implement the Belt and Road Initiative in the future.

CCCC executive stresses local interests on expanding African market

BEIJING -- "The reason for CCCC to win the contract for the extension construction of the Port of Abidjan in the Republic of Cote d'Ivoire lies in that CCCC takes into account the local interests," explained said Sun Ziyu, vice president of China Communications Construction Company Limited (CCCC), on April 18.

He added that thinking on the level of the local government, CCCC decided to continue maintaining the influence and status of the Port of Abidjan in West Africa.

"As there is huge potential for the development of infrastructure construction in West Africa, the opportunities faced by Chinese enterprises will outweigh challenges," he said.

With Chinese enterprises accelerating their pace to "go abroad," many of them find it difficult to adjust to the local market. How to make Chinese enterprises better involve in the cooperation between China and Africa? Sun Ziyu summed up in two words: "altruism" and "generosity."

"We will deeply get involved in the development of the whole Africa by means of infrastructure construction as an investor and developer," noted Sun.

Sun introduced that CCCC has established an industrial investment holding company limited in 2015, whose major responsibility is to make investment in industrial parks, special economic zones and free trade zones. CCCC can invest in the construction of economically affordable housing in Africa, which will help improve the living condition of the African.

Chinese aviation company acquires Spain's Aritex

BARCELONA, Spain -- The Aviation Industry Corporation of China (AVIC) has acquired 95 percent of Spanish company Aritex, the Chinese state-owned enterprise said April 20.

During a ceremony held in the northeastern Spanish city of Barcelona, Aritex said the acquisition was completed thanks to cooperation between the two companies.

Aritex General Manager David Lopez got the remaining 5 percent of the Spanish firm.

Established in 1981 as a supplier of industrial products for the automobile sector, Aritex diversified its activity to the aerospace sector in 2001.

Aritex will focus on research technologies and add new companies to the value chain, Lopez said, noting that this was a win-win relationship highlighting strong commitment to bringing best technology for costumers.

Chinese bank, textile firm in Vietnam contribute to China-Vietnam economic ties

HO CHI MINH CITY -- Bank of China (BOC)'s Ho Chi Minh City Branch on April 20 signed a 103-million U.S. dollar syndicated loan for a Vietnam-based subsidiary of leading Chinese yarn manufacturer Texhong Textile Group, partly helping foster the good investment and trade relations between the two countries.

The loan, provided by eight foreign and Vietnamese banks, including Bank of China's Ho Chi Minh City Branch, will be used to broaden and deepen production of Texhong Galaxy Technology Company which was established in the northern province of Quang Ninh with investment capital of 300 million U.S. dollars. Now, Texhong Textile Group, a leading cotton textile manufacturer in the world, has four production bases in Vietnam.

At the syndicated term loan signing ceremony, Director of Bank of China's Ho Chi Minh City Branch Wang Hao said that thanks to Chinese firms' expanded investment in Vietnam and relevant stakeholders' involvement, the bank has had opportunities to enhance its financial services' performance in the country, contributing to the fine economic ties between China and Vietnam.

The two-way trade between China and Vietnam will surpass 100 billion U.S. dollars this year, and Vietnam will overtake Malaysia to become China's biggest trading partner in Southeast Asia.

Texhong production bases in Vietnam currently have some 1.25 million spindles in the country, or some 15 percent of Vietnam's total, Huang said, noting that they produce about 300,000 tons of textile each year, or 43 percent of Vietnam's total.

Silk Road Provinces

China's Hubei endeavors to improve soft environment for foreign investment

(Photo 5: Night scenery of the Donghu High-tech Development Zone in Wuhan, capital of central China's Hubei Province. The development zone is dubbed as "Chinese optical valley" for its booming optical industry.)

WUHAN -- Central China's Hubei province will make efforts to improve the "soft environment" for the foreign investment, bring forth innovative methods of attracting foreign investment, and guide the foreign investment to advanced manufacturing, high-tech and modern service industries in 2016.

Meanwhile, Hubei will continuously support and encourage transnational companies and large domestic enterprises to set up regional headquarters, R&D centers and regional procurement centers in the province this year.

As the current foreign investment concentrated mainly on the labor-intensive and capital-intensive industries and did not exerted big effects on the province's industrial upgrading and adjustment, experts suggested that the government can guide foreign investments to proper industries through policies and encourage foreign investments in high-tech industry field, like the automobile industry.

Although Hubei produces a large number of high-quality college graduates each year, due to low salary, the brain drain problem in the province is still prominent, which, to some degree, hinders the foreign investment in the tertiary industry. Therefore, the province will endeavor to retain the talents and create a good talent environment for the foreign investment.

In recent two years, the province has actively learned advanced experience in the Shanghai free trade zone (FTZ), constantly broadened the fields for foreign investment, such as energy, public infrastructure, transportation, trade circulation and information service, and accelerated establishment of regional headquarters and R&D centers of transnational companies.

As for the investment environment, Hubei Province has strengthened transformation of government functions, delegated the approval power to the local governments, advanced liberalization of investment, trade facilitation, and reform in technical and financial fields, and comprehensively promoted filing system in the foreign investment field with approval system as a supplement.

The province has accelerated the transportation construction and optimized the channel for opening-up to the outside. Its Wuhan-Xinjiang-Europe international freight railway saw the shipments rank the second in China, making it one of the logistics channel in the Eurasia region. The Wuhan Tianhe International Airport saw the number of international direct routes increase to 39 in 2015 from the 7 in 2010. The Wuhan Yangluo Port launched the container lines to Japan and the Republic of Korea with the voyage shortened to 7-8 days from 12-16 days.

The province has seen its foreign investment buck the trend and grow, against the background of the increasing pressure on the domestic economic growth.

In 2015, Hubei saw the amount of the foreign investment in actual use stand at 8.95 billion U.S. dollars, hitting a record high.

By the end of 2015, the province has introduced 241 "Global Top 500 companies", of which 167 were foreign-funded "Global Top 500 companies". In 2015, the province introduced additional 8 foreign-invested "Global Top 500 companies", ranking the first in central China.

In 2015, Hubei saw the number of newly registered foreign-invested companies reach 944, up 17.85 percent. By the end of 2015, the province saw 8,646 foreign-invested companies.

Investment policies of SW China's Sichuan Province

- **Investment Regulator**

Sichuan Provincial Bureau of Investment Promotion is affiliated with the Sichuan provincial government. Its major responsibilities are to implement the principles, policies, laws, regulations of the Party and the national investment promotion agency as well as the decisions and deployments by the CPC Sichuan Provincial Committee and Sichuan provincial government on investment promotion; to participate in developing planning and relevant rules for investment promotion and regional economic cooperation; to take charge of coordinating, guiding and supervising the work of investment promotion and regional economic cooperation in Sichuan, among others.

- **Taxation Policy Regime**

Except for listed non-duty-free products, equipment imported as part of the total investment in foreign-funded projects listed as encouraged ones in the Catalogue for the Guidance of Foreign Investment Industries and in projects listed in the Catalogue for Priority Industries for Foreign Investment in Central and West China would be exempted from tariff.

Foreign-invested companies engaged in the aforesaid projects and obtaining more than 70 percent of its total revenue from main business could pay their business income tax at a 15-percent discount, which is effective until December 31, 2020.

Transport, power, irrigation, post and broadcast companies founded before December 31, 2010 would be exempted from income tax for the first two years since foundation and pay income tax at a 50-percent discount for the following three years.

- **Preferential Policy Regime**

In 2014, Sichuan adopted eight measures to encourage foreign investment in the province, including delegating the right of approval and filing of foreign investment projects, accelerating the reform of easy customs clearance, promoting competitiveness of foreign-funded companies, introducing key element guarantee mechanism for major projects, implementing preferential tax policies, encouraging transformation of foreign-funded companies, giving citizen treatment to foreign investors, and strengthening political services.

Sichuan has allowed foreign investment in major demonstration projects in the sectors of highway, railway, energy, telecommunication, irrigation, public infrastructure, affordable housing, medical care and pension, and will guarantee support in the supply of land, energy, and labor use.

- **Industrial Encouraging Policies**

In 2010, Sichuan province issued guidance for foreign investment industries, encouraging foreign investment in seven industries of electronic information, equipment manufacturing, energy exploitation and development, petroleum, gas and chemicals, vanadium, titanium and steel, beverage and food, and modern Chinese traditional medicine.

Besides, Sichuan has opened all sectors, including solar power, energy saving and environmental protection equipment manufacturing, new energy vehicle, hydropower, and refined chemical industries, to foreign investment, except for those strictly forbidden by China.

- **Regional Encouraging Policies**

Sichuan province encourages cross-regional project of cooperation in transport, energy, minerals, tourism and environmental protection, and development of enclave economy to realize win-win cooperation.

- **Belt and Road Policies and Opportunities**

In order to actively participate in the Belt and Road Initiative, Sichuan province is accelerating construction of a modern comprehensive transport system in line with the Belt and Road strategic layout.

Meanwhile, the province is promoting innovation of opening up system and mechanism reform, and building demonstration platform for regional cooperation. Sichuan is also vigorously developing its advantaged industries to enhance its level in outbound trade and investment.

In 2015, Sichuan will initiate a Belt and Road three-year plan, which is to focus on digging cooperation opportunities with 20 selected Belt and Road countries having strong comparative industrial and commercial advantages, closely follow and promote 50 selected key investment projects with the 20 countries, and guide 100 selected companies in Sichuan in international cooperation so as to promote the "going-abroad" of equipment for machinery, electronics, power generation, environmental protection, and rail transit.

Sichuan would vigorously explore service trade market in Belt and Road countries, promote exports of computer information services and construction services to Belt and Road countries, and enhance transport services based on the Chongqing-Duisburg cargo train and the Asia-Europe cargo train.

-- Extract from: *Business Environment & Assessment Report of Shaanxi Province, PRC (2015), also available in Xinhua Silk Road Database (http://db.silkroad.news.cn/en/)*

Xiamen FTZ to build maritime trade channel linking with NW Europe

XIAMEN -- The Administration of Xiamen Area of China (Fujian) Pilot Free Trade Zone (FTZ) on April 15 signed a strategic cooperation agreement with Belgium's Port of Zeebrugge and the Eshipping Global Supply Chain Management (Shenzhen) Co., Ltd to build an international trade channel linking Xiamen and the whole economic zone on the western side of the Taiwan Strait directly with the gateway of the northwestern Europe, so as to advance construction of the "Belt and Road" initiative.

The three sides will work together to build a "one stop" supply chain service platform which will give full play to advantages of the Zeebrugge FTZ in logistics, customs clearance, bonded storage, and capital allowances, and offer localized services for the domestic enterprises in the economic zone on the western side of the Taiwan Strait to enter and tap the European market.

Meanwhile, excellent enterprises in Belgium and other regions in Europe will be introduced to participate in construction of Xiamen Area of the FTZ through the platform.

Project Updates

Kenyans anticipate huge benefits from China-funded railway project

(Photo 6: Kenyan technicians on construction site of the SGR project.)

NAIROBI -- The Chinese funded Standard Gauge Railway (SGR) project, whose implementation has reached a critical phase, will not only transform the Kenyan economy, but also unleash massive benefits to local people.

Kenyan technicians working for the mega infrastructure project, who spoke to Xinhua said it will be a game changer in transportation, human interactions and enterprises.

Eric Gitobu, a 25-year-old engineer with China Road and Bridge Corporation (CRBC) that is implementing the SGR project, painted a rosy future for Kenya and its citizens once the modern railway line is completed in June 2017.

"The SGR project will definitely have a positive impact on our economy. It will ease movement of people and goods; promote trade across the borders and enhance skills transfer," Gitobu remarked.

A diploma holder in civil engineering from a government technical institute, Gitobu was hired by CRBC in December 2015 to work in Section One of the SGR project in the coastal city of Mombasa.

His job description revolves around supervising Kenyan employees alongside strategy and planning.

Section One of the SGR project is linked to the port of Mombasa whose expansion is being undertaken by CRBC.

Gitobu noted both the port of Mombasa and the modern railway will convert Kenya into a transport and manufacturing hub.

"As a country, we are heading in the right direction and soon we will be a force to reckon with in areas of maritime and railway transport. I can foresee revival of regional trade and new jobs for local people once the SGR project and port expansion is completed," Gitobu told Xinhua.

He noted that local communities in the coast and lower eastern parts of Kenya have started feeling the impact of the SGR project.

"New businesses have mushroomed along the route where SGR passes while the local youth have benefited from jobs," said Gitobu, adding that skills transfer has reached a peak as the implementation of the SGR project gathers steam

Chinese expatriates working for the SGR project were optimistic it will strengthen centuries-old ties with Kenya and unleash new benefits to local people.

Cao Xugang, the Deputy Manager of Section One of the SGR project, said Kenya's bilateral cooperation with China will improve upon completion of the modern railway project.

"I expect the living standards of Kenyans to improve with the completion of the SGR project. It will promote efficient and faster movement of people and cargo," Cao remarked.

He added that implementation of the eleven sections of the SGR project has gone overdrive.

The SGR project will reduce the number of hours spent while traveling from Nairobi to Mombasa by half.

Cao said the Kenyan economy will flourish thanks to efficient, fast and reliable mode of transport from the port city of Mombasa to the hinterland.

"Transportation of goods will be made easier and this is good for the Kenyan and regional economy," said Cao, adding that both Kenyan and Chinese workers at the SGR project are yearning to participate in the inaugural ride from Mombasa to Nairobi.

China's export hub opens regular cargo train to Europe

GUANGZHOU -- China on April 12 launched its first regular freight train service linking its southern province of Guangdong and Germany.

The first train, carrying furniture, home appliances and machinery, left Dongguan on Thursday afternoon and will pass through Russia, Belarus and Poland before reaching Duisburg in Germany.

The journey of more than 13,000 kilometers will take 19 days, 15 days shorter than sea freight, said a spokesperson with the Guangzhou Railway Corporation.

Guangdong is the leading Chinese province for foreign trade, with its exports accounting for about 30 percent of the national total.

The new line will see trains set out from Dongguan every Thursday.

Skyland Petroleum to supply oil and gas to China

SHANGHAI -- Skyland Petroleum Limited announced April 20 in Shanghai that beginning 2016, it would supply oil and gas to China from Russia, Tajikistan and Georgia.

David Robson, Skyland Petroleum's chairman, said the company is planning to acquire partial stakes in several large oil and gas fields in East Siberia in Russia.

After completing the investment, oil and gas will be transported to Chinese regions, such as Heilongjiang, Liaoning, Beijing and Shanghai, through the "Eastern Siberia-Pacific Ocean" oil pipeline and the "Power of Siberia" gas pipeline, Robson said.

Skyland Petroleum will partner with Chinese state-owned enterprises as well as private companies on development of oil and gas in the East Siberia region. The joint development could lower the operation risk and boost the project in terms of capital and technology, Robson said.

Meanwhile, Skyland Petroleum is developing oil and gas fields in southern Tajikistan, a neighboring country of China, and is expected to start oil and gas supply to China within this year.

It is also scheduled to supply China oil and gas from its deposits near Tbilisi, Georgia's capital city, within this year.

Zhang Youwen, chairman of the Shanghai Association for World Economy Studies, said enhanced cooperation on the energy front with the countries along the Silk Road Economic Belt will diversify China's imports of oil and gas and thus introduce competition to avoid monopoly and consequently lower energy prices.

Investment-inviting Projects in China

The followings are latest information about projects inviting investment of Chinese localities:

Table 3: Some investment inviting projects in China selected from Xinhua Silkroad Database

Shijiazhuang Tieke Yichen's Rail Technology Industry Park Project	
Financing Mode	Equity investment
Investment Mode	Cooperative
Industry	Manufacturing
Location	Shijiazhuang, Hebei province
Project properties	The project’s planned use of land is 506 mu with 340.791 mu settled, which is under preparation of public land leasing. The main construction includes R&D and office building, workshops and related production lines.
Total amount of project capitals	RMB10 billion (Proposed utilization of foreign capital is over RMB7 billion and domestic capital RMB3 billion.)

Project of Annual Production of 1 Million Tons of Methanol to Olefins (MTO)	
Financing Mode	Equity investment
Investment Mode	Solely-invested

Industry	Manufacturing
Location	Cangzhou, Hebei province
Project properties	The proposed project site is in the east of Cangzhou Port-neighboring Development Zonewith convenient transportation.
Total amount of project capitals	USD560 million

Project of Production Base of Offshore Platforms and Auxiliary Equipment	
Financing Mode	Equity investment
Investment Mode	Joint-venture, Solely-invested
Industry	Manufacturing
Location	Tangshan, Hebei province
Project properties	The project is located in the Equipment Manufacturing Industry Park in Caofeidian Industrial Zone, and involves setting up jack-up platforms, deepwater tension-leg platforms, semi-submersible platforms, jacket platforms, pile foundation platforms, adaptation-tower platforms, TLP platforms, and SPAR platforms.
Total amount of project capitals	RMB3 billion

(Source: Xinhua Silkroad Database, please visit http://db.silkroad.news.cn/en/ for more projects)

Table 4: Some public-private partnership (PPP) projects registered by Ministry of Finance

Province (Municipality)	No.	Project Name	Field	Total Amount of Investment
Beijing	1	Daxing-Yanqing Expressway	Transportation	14.3 billion
	2	Beijing Rail Transit Line 16	Transportation	49.5 billion
	3	Beijing Rail Transit Line 14	Transportation	44.5 billion
Hebei	4	Infrastructure and Supporting Facilities for Tangshan International Horticultural Exposition 2016	Culture	3.363 billion
	5	Baoding City Tang County Central Heating Project	Municipal engineering	563 million
	6	Shijiazhuang International ExhibitionCenter	Municipal engineering	2.75 billion
	7	Chengde Central City Water Supply and Drainage Project	Water service	1.387 billion

Shanxi	8	Taiyuan Maternal and Child HealthCare Hospital Relocation and Construction Project	Medical treatment	1.231 billion
	9	Changzhi City Kitchen Waste Disposal Project	Municipal engineering	300 million
Inner Mongolia	10	Phase-I Project of Hohhot City Rail Transit Line 1 and Line 2	Transportation	35.018 billion
Liaoning	11	Panjin City Sports Center	Sports	2.925 billion
	12	Shenyang City New Water Source Construction Project	Water service	1.743 billion
Hubei	13	Wuhan City Qianzishan CircularEconomy Industrial Park	Municipal engineering	2.312 billion
Guangxi	14	Phase-I Project of Nanning CityRail Transit Line 4	Transportation	15.9 billion
Shaanxi	15	Ankang Airport Relocation and Construction Project	Transportation	2.34 billion

(Source: Xinhua Silkroad Database, please visit http://db.silkroad.news.cn/en/ for more projects)

Capacity Co-op

Chinese-invested sugar mill starts operations in Cambodia

(Photo 8: Cambodian Prime Minister Hun Sen (C Front) cuts the ribbon during the inauguration of a sugar mill in Preah Vihear province, Cambodia on April 19, 2016.)

PREAH VIHEAR, Cambodia -- Chinese agro firm Rui Feng (Cambodia) International Company began operations at its 360-million-U.S.-dollar sugar production factory here on April 19 after spending nearly two years for construction.

Cambodian Prime Minister Hun Sen and Chinese Ambassador to Cambodia Bu Jianguo jointly inaugurated the factory, along with a 43,422-hectare sugarcane plantation.

"It is the largest sugar mill in Cambodia," Hun Sen said at the inauguration ceremony.

The mill will produce nearly half-million tones of processed sugar a year for export mainly to Europe and China, he said, adding that the project has created more than 7,000 jobs.

According to the prime minister, so far, the Southeast Asian country has five sugar mills in Kratie, Kampong Speu, Koh Kong and Preah Vihear provinces.

Liu Feng, president of Rui Feng (Cambodia) International Company, said the firm has spent six years preparing land for the plantation and nearly two years building the sugar mill.

"The firm decided to invest in this mega-project after having seen that Cambodia has good political stability, full peace and favorable atmosphere for businesses," he said at the ceremony.

The company would increase its investment in the project to 1 billion U.S. dollars by expanding sugarcane plantation, building an ethanol factory and a fertilizer plant, Liu added.

"The company is committed to turning (northern) Preah Vihear Province into the Asia's largest sugar supplier in the future."

Chinese-built 135mln USD bridge enters operation in Tanzania

BEIJING/DAR ES SALAAM -- China Railway Group Limited (601390.SH), confirmed that Kigamboni Bridge built by its subsidiaries, CRCEG and CRMBG, in Tanzania's commercial capital Dar es Salaam was put into operation on April 19.

Tanzanian President John Magufuli on April 19 inaugurated the 135 million US dollar Kigamboni Bridge in Dar es Salaam.

The President thanked China for the excellent job done by China Railway Construction Engineering Group (CRCEG) in a joint venture with China Railway Major Bridge Group (CRMBG).

The 680 meter-long bridge, the first of its kind in east and central Africa, connects Dar es Salaam's business district to Kigamboni creek.

The bridge, measured 32 meters in width, has six lanes, three in each direction. It also has two pedestrian and cyclist lanes with a width of 2.5 meters, one on each side.

The president said the bridge was also expected to boost the domestic tourism sector in the planned Kigamboni city, making it a holiday beach.

The project was jointly funded by the Tanzanian government and the National Social Security Fund.

China committed to tackling steel overcapacity

BRUSSELS -- The Chinese government has taken the most concrete actions in the world to tackle current excess capacity in the steel sector, an official with China's Ministry of Commerce (MOC) said on April 18.

"As a major steel-producing, -consuming and -trading country and a major importer of raw materials, China is making enormous endeavors and paying enormous prices to cut excess capacity in the steel sector," Zhang Ji, China's assistant minister at the MOC, said after attending a steel meeting in Brussels.

The Chinese government has ceased to license steel projects and started to close outdated plants and eradicate "zombie" companies. Early efforts have achieved remarkable results, as China had cut over 90 million tons of obsolete capacity during the 12th Five-Year period.

The State Council, China's cabinet, announced earlier this year that crude steel production capacity will be slashed by 100-150 million tons over the next five years. It is estimated that 500,000 laid-off workers will have to be resettled.

"To make sure that excess capacity will be eliminated in an orderly manner, the central government has allocated an earmarked fund of 100 billion yuan (15.45 billion U.S. dollars), which will be used to resettle workers," the official said.

Besides, the Chinese government is also committed to expanding domestic demand for steel products, which has a lot of potential as the Chinese economy will maintain a medium-high growth, Zhang said.

One measure is to start necessary large-scale infrastructure development projects. Currently, only 5.6 percent of Chinese buildings use steel structures. China plans to increase that proportion to over 20 percent, which would need an extra 20 million tons of steel products a year.

Meanwhile, the MOC official stressed that as a major producer and consumer of steel, China's steel products are mainly for domestic use.

China used to be a net importer of steel before 2005 and is still the fifth-largest importer of steel in the world.

"China imported the equivalent of 13.57 million tons of crude steel in 2015," he said, adding that China has thus contributed to the stable development of the global steel industry.

Moreover, rather than dumping steel in other countries, the Chinese government has in recent years implemented measures such as export tariffs on some steel products to reduce exports. By now, export tariff for billet is set at 20 percent and for hot-rolled wire rod 15 percent.

Many countries facing difficulties in the steel industry tend to adopt trade protectionist measures, which is incorrect, the trade official said, adding that frequent use of trade remedy measures and other import-restrictive measures is detrimental to the international cooperation on division of labor, cooperation and rational layout of the global steel industry.

According to statistics from the World Steel Association, world output of crude steel in 2015 was 1.62 billion tons, and the average capacity utilization rate was 69.7 percent, 3.7 percentage points lower than the 73.4 percent in 2014, which shows that the problem of global overcapacity is growing worse.

Risk Alerts

China issues yellow alert as rain continues in south

(Photo 9: A bird's eye view of the Liujiang River in Liuzhou, south China's Guangxi Zhuang Autonomous Region. Continuing heavy rainfall has caused the rise of the river's water level to 79.93 meters on morning of April 11, 2.57 meters lower than the warning level.)

BEIJING -- China's meteorological authority issued a yellow alert on April 17, as torrential rains are forecast to hit the country's southern regions.

Heavy rains accompanied with strong wind will hit Guangdong, Jiangxi, Fujian, Zhejiang, Taiwan and Guangxi over the next 12 hours, according to a statement posted on the website of the National Meteorological Center.

Rainfall is expected to reach up to 60 millimeters in these areas, while thunderstorms or hail are also likely to hit the areas, the statement said.

The center suggested that people living in the affected areas avoid outdoor activities and take precautions against possible landslides and mud-rock flows.

China has a four-tier color-coded warning system for severe weather, with red being the most serious, followed by orange, yellow and blue.

Is planet Earth on "quake mode" again?

BEIJING -- The recent two months have witnessed some unusually active seismic activities across the globe, as a string of powerful earthquakes have jolted Ecuador, Japan, Myanmar, Afghanistan and Indonesia, killing dozens of people and triggering several tsunami alerts.

Many cannot help wondering: Is this just coincidence, or is our planet once again on a "quake mode" that will trigger one major tremor after another?

Even experts find it difficult to draw a quick conclusion, but they have noted that both the magnitudes and frequencies of the recent quakes are still "within a normal range."

It is hard to judge whether the Earth is experiencing another seismic active period, Randy Baldwin, a geophysicist with the United States Geological Survey, told Xinhua.

He said that the quake-prone zones around the world could see strong shocks coming at any time, but so far there have been no signs of connection between seismic activities in different zones.

The causes of the earthquakes are complicated, experts say, while pointing out that the geographic location of Japan and Indonesia, both of which sit right on the Circum-Pacific Seismic Belt, is the main factor behind their frequent quakes.

The belt, which extends all the way through the U.S. Pacific coast, China's Taiwan, the Philippines and New Zealand, releases about three quarters of quake-discharged energy from the interior of our planet. It has earned a befitting name - the Pacific Ring of Fire.

While it seems too early to sound the alarm against a new wave of disastrous earthquakes, some scientists insist that certain "high risk zones" do require a close watch.

The southern part of the Qinghai-Tibet Plateau in southwest China always has a high geological activeness, and is now entering a "clustering period" of massive quakes above magnitude 7.0, warned Xu Xiwei, a researcher at the Institute of Geology under the China Earthquake Administration.

"We have to make further studies to better understand the seismic trends in that region," said Xu.

Concerns of China nearing debt crisis overblown: Report

BEIJING -- Concerns about China's debt levels reaching a critical threshold and posing a systemic risk are overblown and the country's high debt-to-GDP ratio must be put into perspective, according to a report by an investment bank.

Outstanding loans extended by China's financial institutions amounted to 98.56 trillion yuan (15.21 trillion U.S. dollars) by the end of March, up 14.7 percent year on year, according to data from the People's Bank of China (PBOC) on April 20.

Some argue that China's debt-to-GDP ratio has already reached a point that could lead to systemic risk and derail growth, but we disagree, said Qu Hongbin, chief China economist with HSBC, in a report on Thursday, adding that simply comparing China's debt-to-GDP ratio with other countries was misleading.

China's debt-to-GDP ratio is indeed high, and is reported to reach about 250 percent at the end of 2015. Yet this must be seen in the context of China's unusually high savings rate, which has stayed above 40 percent for two decades, Qu pointed out.

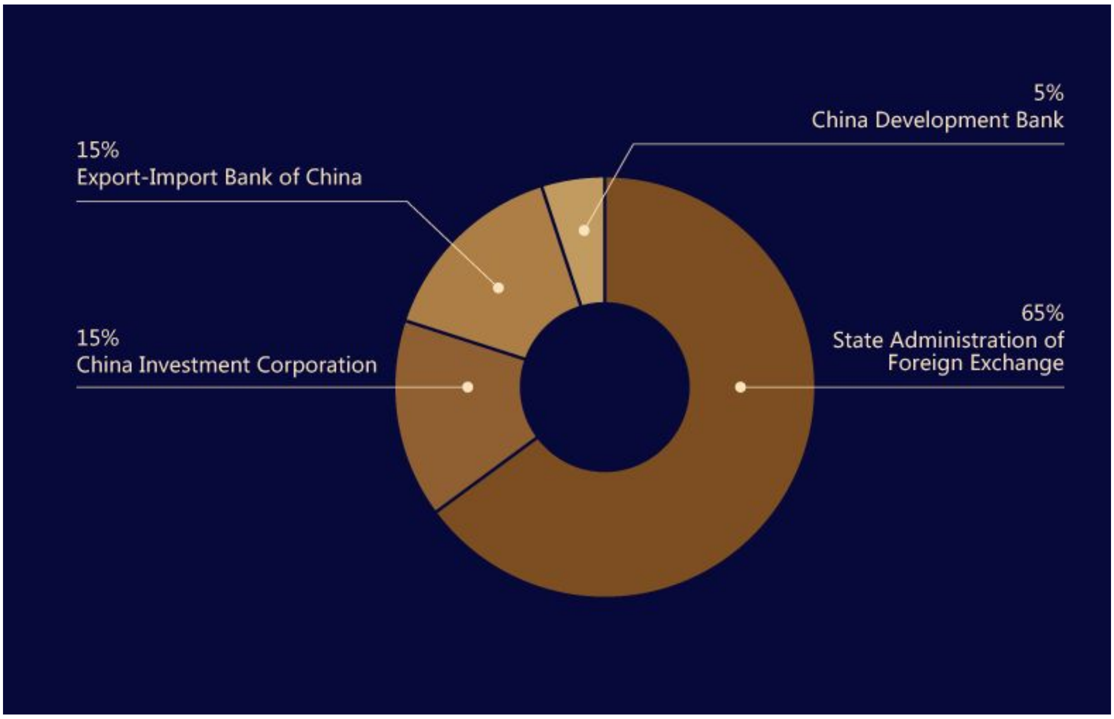
HSBC's regression analysis, which uses debt data from the Bank for International Settlements, suggests that every 1 percentage point increase in the national saving rate implies a 3.6 percentage points rise in the debt level. From this perspective, China's debt levels are consistent with its high saving rate.

Another factor is a financial structure dominated by banks, which means the household sector's surplus savings have been transferred into corporate investment through bank lending rather than equity financing, leading to faster debt accumulation. Equity financing accounted for less than 5 percent of total financing in the economy in the last decade, according to the report.

Backgrounder

Silk Road Fund

Silk Road Fund was established in Beijing on December 29, 2014, with investment from the ***State Administration of Foreign Exchange, China Investment Corporation, Export-Import Bank of China and China Development Bank***. The ***Fund*** has a total capital of 40 billion US dollars which shall be made in installment. The *first installment* of 10 billion US dollars is composed of 6.5 billion US dollars, contributed by the ***State Administration of Foreign Exchange*** (through Buttonwood Investment Holding Co., Ltd.), 1.5 billion US dollars by ***China Investment Corporation*** (through Seres Investment Co., Ltd.), 1.5 billion US dollars by ***Export-Import Bank of China*** and 500 million US dollars by ***China Development Bank*** (through China Development Capital Co., Ltd.).



Purpose and Objectives

Following a philosophy of openness, inclusiveness and mutual benefit, the Fund mainly provides investment and financing support for trade and economic cooperation and connectivity under the framework of the Silk Road Economic Belt and the 21st-Century Maritime Silk Road Initiative. In collaboration with domestic and international enterprises and financial institutions, the Fund is designed to promote common development and prosperity of China and other countries and regions involved in the Belt and Road Initiative.

Positioning

The Fund is a medium to long-term development and investment fund. Through a variety of forms of investment and financings, primarily equity investment, the Fund is dedicated to supporting infrastructure, resources and energy development, industrial capacity cooperation and financial cooperation in countries and regions involved in the Belt and Road Initiative to ensure medium and long-term financial sustainability and reasonable returns on investment.

--- Infrastructure: We are committed to enhancing connectivity of infrastructure, with focus on the alignment of infrastructure construction planning with technical standard systems, in an attempt to build a comprehensive, multi-level connectivity network.

--- Resources and energy development: While strengthening cooperation in exploring and developing traditional energy resources, we boost multi-level interactions in the areas of clean and renewable energy, aiming to establish extensive cooperation in energy resources.

--- Industrial capacity cooperation: By aligning China's advance production capacities wit overseas demands, we support equipment, technology, standards and services going global to drive the development of host countries' economy and society.

--- Financial cooperation: Under an improved framework on investment and financing cooperation, we innovate the model of financial cooperation and strengthen cooperation with international financial institutions to jointly build an open, diversified and mutually beneficial platform for financial cooperation.

Investment Committee

The Investment Committee is a corporate body to review and make decisions on the Fund's investments under the leadership of the Fund's management. Its main responsibility is to make decisions on the Fund's asset allocation, investment strategies and investment-related activities such as investment and exit decisions.

Investment Philosophy

The Fund makes investment decisions based on market principles, international practice and professional standard. The Fund invests in equity, debt and other funds. It can work with international development organizations, domestic and overseas financial institutions to jointly set up funds, and also manage entrusted assets and commission others to invest.

Investment Decision-Making Mechanism

A well-defined investment decision making mechanism has been instituted, which includes project selection, project reserve, preliminary review, preliminary approval, final approval and post investment management. It covers all front, middle and back office functions.

In terms of project selection, the Fund pays attention to cooperation with industrial partners to make joint investment in project that promote connectivity and international industrial capacity cooperation. In general, the Fund as a financial investor does not seek to have a controlling stake.

In terms of project reserve, the Fund actively looks for new projects, seeking investment opportunities through multiple channels, including proposal from target companies and reference from other organizations. The Fund also seeks out projects on its own and already has a reserve of potential projects. These include projects in the fields of infrastructure, resources and energy development, industrial capacity cooperation and financial cooperation in Asia, Europe, Africa, America and other areas.

In terms of the project preliminary review, preliminary approval and final investment decision, the project investment team carefully and thoroughly evaluates the proposed project in accordance with the Fund's internal protocol. It will then report the results of assessment together with the negotiated deal terms to the Investment Committee for final review and approval.

Project execution and management also benefit from the support of the middle and back offices in respect of risk management and operational compliance. The middle office is in charge of risk control and post-investment management, and the back office is responsible for transaction settlement and management of the Fund's investment.

-END-