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FLANDERS-CHINA CHAMBER OF COMMERCE
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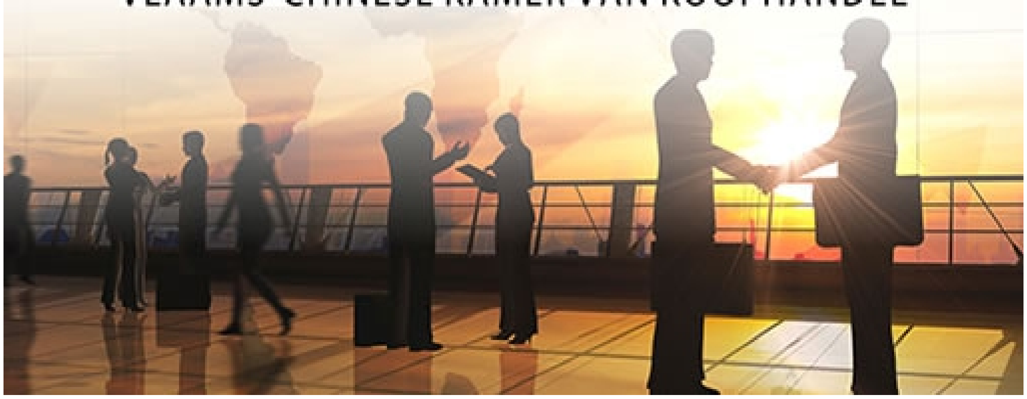

Newsletter

18 December 2018

The Chairman and the Board of Directors of the Flanders-China Chamber of Commerce wish the Members a Merry Christmas and a Happy New Year. The next weekly newsletter will be published on January 8, 2019.

FCCC/EUCBA ACTIVITIES

Meeting and Reception with the Ambassador and Consuls General of Belgium in China
Monday, 28 January, at 18h00 – Brussels

The Flanders-China Chamber of Commerce (FCCC) is organizing a meeting and reception with the Ambassador and Consuls General of Belgium in China.

This event will take place on Monday 28 January at 18h00 at ING Belgium, Troonstraat 1, 1000 Brussels.

This event is an excellent opportunity to discuss your companies’ activities in China with the Ambassador and Consuls General of Belgium in China:

Mr Marc Vinck, Ambassador of Belgium in China
Mr Paul Lambert, Consul General of Belgium in Shanghai
Mr Joris Salden, Consul General of Belgium in Guangzhou
Mrs Michèle Deneffe, Consul General of Belgium in Hong Kong and Macao

Programme:

6.00 pm	Registration
6.30 pm	Introduction by Mr Stefaan Vanhooren, Chairman, Flanders-China Chamber of Commerce
6.35 pm	Speech by His Excellency Mr Marc Vinck, Ambassador of Belgium in China
7.00 pm	Exchange of views and networking with the Ambassador and Consuls General
8.00 pm	End of Programme

If you are interested in attending this event, please register before 23 January 2019 via this link

If your company is interested in sponsoring this event, please send an e-mail to: info@flanders-china.be

The participation fee for members is 55 € (excl.VAT). The fee for non-members is €85 (excl.VAT).

Flanders-China Chamber of Commerce Chinese New Year Reception: SAVE THE DATE 11 February 2019 – Brussels

On 11 February 2019, the Flanders-China Chamber of Commerce will celebrate ***Chinese New Year!.*** The FCCC New Year Reception will take place at 18h00 at KBC Bank in Brussels.

The programme is as follows:

Speakers:

- **Mr Stefaan Vanhooren**, Chairman, Flanders-China Chamber of Commerce
- **His Excellency Mr Cao Zhongming**, Ambassador of the People's Republic of China in Belgium
- **Mr Jan Jambon,** Former Vice Prime Minister of Belgium

Speeches are followed by a networking reception.

Interested in sponsoring the FCCC New Year Reception? 11 February 2019 – Brussels

On 11 February 2019, the Flanders-China Chamber of Commerce will celebrate ***Chinese New Year!.*** The FCCC New Year Reception will take place at 18h00 at KBC Bank in Brussels.

We would like to offer your company the opportunity to give more exposure to Belgian companies active on the Chinese market and Chinese companies present in Belgium.

Below you will find more details on the sponsorship opportunities for the Chinese New Year Reception. If you are interested in sponsorship, please send an e-mail to: gwenn.sonck@flanders-china.be.

We thank you in advance for reading our proposal and hope to meet you at our New Year Reception!

Who will attend? Chinese, Belgian business leaders, officials. PRESS +/ 300 Participants

Invitations are distributed via E-mail and the FCCC website and newsletters

GOLDEN SPONSOR: 2.250 € (EXCL .VAT)

- YOUR LOGO ON THE FCCC INVITATION
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- YOUR LOGO ON THE FCCC INVITATION PUBLISHED IN THE FCCC WEEKLY NEWSLETTER
- 15 FREE CARDS
- BANNER OF YOUR COMPANY AT THE EVENT
- MENTION OF YOUR COMPANY DURING SPEECH

SILVER SPONSOR: 1.750 € (EXCL.VAT)

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- YOUR LOGO ON THE FCCC INVITATION PUBLISHED IN THE FCCC WEEKLY NEWSLETTER
- 5 FREE CARDS
- MENTION OF YOUR COMPANY DURING SPEECH

ACTIVITIES SUPPORTED BY FCCC

SAVE THE DATE: I²PCC – Opportunities for Flemish cleantech in China – 5 February 2019 – Brussels

The Flemish provinces are working diligently on closer cooperation with the Chinese regions of Chengdu, Chongqing, Guangdong, Hebei en Shaanxi. Through the I²PCC they are gladly making available this network to Flemish cleantech companies. Read: unique contacts in very diverse Chinese regions and niche markets.

Discover on February 5 what I²PCC could do for your company. You will get an insight into the Chinese economy, inspiring examples of Flemish successes in China and the possibility to evaluate your cleantech innovation compared to the potential of the Chinese market in the selected regions.

Free of charge if registered by 31 January 2019 via this link

I²PCC is a common project of the provinces of Antwerp, Limburg, East-Flanders and Flemish-Brabant, with support of Cleantech Flanders, Flanders Investment & Trade and the Flanders-China Chamber of Commerce. The project is receiving financial support from the European Fund for Regional Development (EFRO).

PAST EVENTS

Information session: "A new 'Single Permit' for work and residence" – 19 December – Antwerp

The Flanders-China Chamber of Commerce, the Port of Antwerp and Flanders Investment & Trade organized the **information session: A new 'Single Permit' for work and residence** on **19 December** at the Antwerp Port House in Antwerp.

On 1 January 2019, the new Single Permit immigration scheme enters into force. In this seminar, we focused on the changes this Single Permit scheme will bring and how the new process and rules will impact high-skilled immigration towards Belgium.

Following registration, a buffet lunch and introduction, the following topics were presented:

- Impact of the Single Permit Scheme
- Regional immigration approach
- Practical considerations and conclusion

The speakers were:

- **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce
- **Matthias Lommers**, Senior Director, Deloitte
- **Joke Braam**, Manager, Deloitte

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FOREIGN TRADE

China and U.S. stick to trade talks despite turbulence in relationship

Trade talks between China and the U.S. are still expected to continue despite the arrest in Canada's Vancouver on a U.S. extradition warrant of Huawei Technologies' CFO Meng Wanzhou.

Top Chinese and U.S. trade negotiators have discussed plans for renewed trade talks, the first time senior officials from both countries have had official contact since the Presidents of China and the United States reached a truce on tariffs on December 1. Chinese Vice Premier Liu He, U.S. Treasury Secretary Steven Mnuchin and U.S. Trade

Representative Robert Lighthizer discussed the plans over the phone in a sign that the two nations still want to engage in trade talks. In a brief statement, the Chinese Ministry of Commerce said the three men exchanged views on the next step on the road map towards consensus. **China plans to send a 30-member delegation to the U.S. soon to continue the talks.** U.S. President Trump said the Chinese government was once again buying large quantities of U.S. soybeans. Chinese importers have bought 1.5 million to 2 million metric tons in a 24 hour period for delivery in the first quarter of 2019, the U.S. Soybean Export Council said. The country last year bought about 60% of U.S. soybean exports in deals valued at more than USD12 billion.

But **Chinese Vice President Wang Qishan said China will maintain its "strategic focus"** and will not abandon its economic model. He added that China would strive to be a leader in 'economic globalization' and pledged support for the multilateral economic system. Wang was making a rare appearance at a "non-government" event, the Imperial Springs International Forum in Guangzhou, which was attended by 200 international guests, including Yukio Hatoyama, former Prime Minister of Japan and Kim Campbell, former Prime Minister of Canada.

"We still have to continue the trade talks," said Wu Xinbo, Director of the Center for American Studies at Fudan University. "Meng's arrest is an individual case. Trade is the bigger issue." But Wu said that Meng's case was likely to be put on the table during the negotiations and that China would be more "clear-eyed" about the U.S. desire to contain the country's technological rise. U.S. Trade Representative Robert Lighthizer insisted that the arrest should not affect the negotiations, saying: "This is a criminal justice matter. It is totally separate from anything I work on or anything that trade policy people in the administration work on." Scott Kennedy, Deputy Director of the Freeman Chair in China studies and Director of the project on Chinese business and political economy at the Center for Strategic and International Studies, said he did not expect China to use the case as an excuse to stop negotiations on the grounds of "bad faith" from the U.S. He said the talks should not be overshadowed by individual cases and should focus on the bigger picture. U.S. President Donald Trump told Reuters that he would intervene in the case at the U.S. Justice Department if it would serve national security interests or help close a trade deal with China.

Meanwhile, **China has agreed to lower import tariffs on U.S.-made cars from 40% to 15% for three months**. American car exports to China fell sharply after tariffs were imposed in early July in retaliation for Trump's 25% tariffs on USD34 billion of Chinese imports. The export value of vehicles in August stood at just over USD460 million, down 55% on the same monthly figure for 2017. The year-to-date value for 2018, around USD5.6 billion, was down just over 30% compared with export numbers for 2017 through October. The Chinese market constitutes just under 11% of global exports of U.S. motor vehicles. Tesla is set to be a major beneficiary from the reduction in tariffs. The company immediately announced that it would cut the prices of its cars in China.

Pascal Lamy, former Director General of the WTO between 2005 and 2013, **does not believe that "there is any serious problem" with the Chinese trade surplus with the U.S.** It was 10% of gross national product (GNP) 10 years ago and it is 1% now. Imports have also increased more than exports in the past decade, which is what was expected to happen. The U.S. has a structural trade deficit that will remain in place as long as its citizens consume more than the average consumers on the planet and save less than the rest. This is not a trade-related issue and, therefore, U.S. President Donald Trump will achieve nothing imposing tariffs on Chinese products."

The ongoing trade war between China and the United States will continue in non-tariff form and also break out into non-trade areas even if Presidents Xi Jinping and Donald Trump reach a deal by March's deadline, Lian Ping, Chief Economist of the Bank of Communications (BOCOM) said. "No matter if relations are tense or not, their struggles will continue over the long run." It is just the tip of the iceberg hiding deeper, underlying tensions between the two countries and the real problem lies in their fraught bilateral relations, Alibaba Group Executive Chairman Jack Ma said. "Even if the trade war is over, the complicated relationship between China and the U.S. will not be changed in the next 20 years," Jack Ma said. "We need to bear in mind that China has emerged stronger after meeting every challenge," he added.

Huawei CFO Meng free on bail, but China continues raising the pressure for her release

Huawei's Chief Financial Officer Sabrina Meng was freed on bail of USD7.5 million by Canadian judge William Ehrcke at the British Columbia Supreme Court in Vancouver. The collateral for the bail includes cash and real estate, partly pledged by friends of the Huawei executive. Her lawyer cited medical conditions and the lack of the risk of her fleeing as reasons for granting bail. The judge outlined 15 provisions including Meng agreeing to submit to constant surveillance, and surrendering both her Chinese and Hong Kong passports. She is also subject to a curfew between 11 pm and 6 am. **The U.S. has not yet submitted a formal request for extradition.** If no formal notice is given within 60 days, she will be released. The U.S. has until January 8 to file a formal extradition request. She is due back in court on February 6, when the judge will set a date for her extradition hearing.

But the Chinese government kept up the pressure for her immediate release after summoning the Canadian and U.S. Ambassadors to the Chinese Foreign Ministry. In China, a nationalist backlash against her arrest is also continuing, forcing Canada Goose to delay the opening of a 600 square meter flagship store in Taikoo Li Sanlitun in Beijing. It is to be the 61-year-old company's first physical store in mainland China.

The U.S. extradition request accuses Meng of fraud by covering up Huawei's links to a company that traded with Iran in breach of U.S. sanctions. She is said to have told financial institutions that affiliate Skycom was a separate company in order to conduct business in Iran, when in fact it was a Huawei subsidiary. Chinese Foreign Ministry Spokesman Lu Kang said that Canada failed to inform China about the detention of Meng until officials were asked about the case, thereby violating a bilateral consular agreement. The assertion came just hours after Ottawa insisted it had notified the Chinese Consulate in Vancouver on December 1, the day of her arrest.

Chinese Foreign Minister Wang Yi warned Canada and the U.S.: "We keep abreast of the safety and welfare of every Chinese overseas, at all times. The government will not sit back in silence amid bullying that recklessly violates the legitimate rights and interests of Chinese citizens," Wang said at an annual conference on international relations and diplomacy. "The Chinese government will defend its citizens' legal rights by all means." The possibility that Canada may comply with China's call to directly release Meng are small, said Shi Yinhong, Director of Renmin University's Center for American Studies.

Meanwhile, **two Canadians living in China have been arrested**, in what Chinese authorities say is unrelated to the Meng case, but what Western analysts consider to be retaliation. Former Canadian Diplomat **Michael Kovrig** was detained on the charge that his employer, the Brussels-based **International Crisis Group**, was not properly registered in China. He was acting as the NGO's North East Asia Senior Adviser since February 2017. **Michael Spavor** was arrested in Dandong, Liaoning province. He is known for his contacts with high-ranking North Korean officials, including top leader Kim Jong-un. Spavor also helped facilitate NBA player Dennis Rodman's visit to North Korea in 2013. Both Canadians were under investigation by state security officers in Beijing and Liaoning province respectively on suspicion of "engaging in activities that endangered China's national security."

Huawei is still struggling to get his products accepted in Western countries that have security concerns. Japan joined the U.S., Australia and New Zealand in effectively blocking Huawei from taking part in supplying equipment for its 5G network. Japanese authorities have decided to exclude Huawei and ZTE Corp, another China telecoms equipment company, from public procurement as of April 2019. Japan's three major mobile phone carriers planned to take concerted action alongside the government, with company sources saying that they will stop using Chinese products in the current mobile base stations and for the next-generation 5G mobile communications network.

The claim that using Huawei products poses a security risk is not shared by all Western nations and no evidence has been produced. **French Finance Minister Bruno Le Maire told journalists Huawei was welcome in France.** "It's a company that plays an important role in France, that invests in France and these investments are welcome," Le Maire said after meeting Chinese Vice Premier Hu Chunhua.

However he added: “If some of the investments touch on national sovereignty or sensitive technologies, it’s up to us, the government, to set certain limits.” The Italian island of Sardinia meanwhile is working with Huawei to create the country’s first regional “smart zone”. Huawei has over 11,000 staff based in Europe, business deals with European telecoms operators, and 18 research centers. “We categorically reject any allegation that we might pose a security threat,” the company said. German, British and Belgian security services have all warned about dealing with Chinese telecom firms.

Some U.S. and Canadian companies are suspending trips by their executives to China, fearful that they may be arrested. Chinese business leaders and hi-tech researchers are also reconsidering foreign trips, while some Chinese companies are offering their employees subsidies to buy Huawei smartphones and punish those who buy iPhones.

Fuzhou court orders Apple to stop selling some iPhone models

The Fuzhou Intermediate People’s Court has granted U.S. chip maker Qualcomm’s request for two preliminary injunctions against four subsidiaries of Apple **to immediately stop selling models from the iPhone 6S to iPhone X**. But contrary to some media reports, it doesn’t prohibit the sale of all iPhones in China and Apple is expected to solve the problem by releasing an update to its iOS mobile operating system. The court order is still preliminary and needs to be confirmed. If imposed, it could adversely impact Apple’s revenues as Greater China – which includes mainland China, Hong Kong, and Taiwan – is currently the U.S. company’s third largest market, accounting for about a fifth of Apple’s revenues. Apple’s most recent phone models, which include the iPhone XR and iPhone XS, are not included in the ruling, as these devices were not released when the suit was filed in 2017. However, Qualcomm also filed a request to have the sale of those models banned too.

The patent infringement suit involves Apple’s alleged violation of Qualcomm’s software patents related to resizing photographs and app management on a touch screen, and concerns devices sold with Apple’s iOS 11, an older version of its operating system. Qualcomm alleges that “Apple continues to benefit from our intellectual property while refusing to compensate us”. **Apple said in a statement that “all its iPhone models remain available” for customers in China**, and has filed a request for reconsideration with the court as a first step to appealing the preliminary injunction. It called Qualcomm’s effort a “desperate move by a company whose illegal practices are under investigation by regulators around the world”, adding that Qualcomm “is asserting three patents they had never raised before, including one which has already been invalidated”.

“The older iPhone models included in the court order still make up a big volume of iPhone sales in the China market and if a prolonged ban is enforced, the supply chain in China will also be affected,” said Kiranjeet Kaur, Senior Research Manager with IDC’s Asia-Pacific client devices group. Foxconn, AAC Technologies, BYD and BOE Technology are among Apple’s Chinese suppliers, providing a range of services including assembling and supplying components and technology for its products.

Canalys Analyst Nguyen Tuan Anh said **the ban is unlikely to be enforced in the coming months** as it is a preliminary injunction and legal proceedings are likely to stretch out over several months. “The iPhone models affected are already over a year old and since China is an advanced market, consumers generally prefer the new smartphone models like the iPhone XS and XR,” he said, adding that Apple will see only a limited effect on its revenues in the China.

In recent years, Apple’s market share in China has declined from 15% in the fourth quarter of 2017 to 9% in the third quarter of 2018, according to Counterpoint Research. Chinese smartphone makers Vivo, Oppo, Huawei Technologies, Huawei’s sub-brand Honor, and Xiaomi made up the top five in China, the world’s largest smartphone market, in the quarter ended September. Apple came in sixth. If the court order is enforced, Apple will lose out in the category of smartphones priced below CNY7,000, giving brands like Huawei a big advantage to fill the gap, according to IDC China Managing Director Kitty Fok.

Although the court order was issued in Fuzhou, it is effective nationwide. “However, many resellers and e-commerce platforms selling the affected iPhones have not received a formal notice to halt sales, so it is business as usual for them," said Fok, as reported by the South China Morning Post. The final verdict may still be months or years away.

CHINA NEWS ROUND-UP

Compensation raised in draft amendment to the Patent Law

The Chinese government approved a draft amendment to the Patent Law to strengthen the crackdown on infringement of intellectual property rights (IPRs) by **substantially raising compensation for victims, and fines for violators**, which experts said will help build a fairer business environment and encourage innovation. The draft will now be submitted to the Standing Committee of the National People's Congress (NPC) to be voted into law. The move will protect the legal rights of patent holders and improve the mechanism for encouraging innovation, said a statement released after the meeting of the government, presided over by Premier Li Keqiang.

In the meantime, inventors and designers will receive a reasonable share of profits brought from patents acquired when serving employers. For example, the draft raises the range of fines for violators from a minimum of CNY100,000 to CNY5 million when the loss to patent holders, and the benefits gained by violators, cannot be determined. The current fines range from CNY10,000 to CNY1 million. In many cases of IPR infringement in China, the average compensation is usually around several hundred thousand yuan, and it was rare to see CNY1 million awarded in compensation, according to figures by the Supreme People's Court (SPC).

This is the fourth amendment to China's Patent Law since 1984, with the latest revision in 2008. The National Intellectual Property Administration started preparations for the amendment in 2014 and began to solicit public opinion at the end of 2015. In the first half of this year, the country received 751,000 patent applications, and 217,000 were approved, up by 6.5% compared with the same period last year. Meanwhile, the country moved up by two places to **rank 25th in the International IP Index 2018**, according to the U.S. Chamber of Commerce's Global Innovation Policy Center. Since joining the WTO in 2001, China has amended the laws related to IPR, including those on patents in 2008, trademarks in 2013, and obstructing fair competition in 2017, to boost protection of such rights, the China Daily reports.

Zero growth predicted for China's car market in 2019

China's car market will continue to see sluggish sales in 2019, with zero growth predicted for the first time in three decades, and carmakers should get prepared for the downturn that will be complicated by lower tariffs on imported vehicles, industry representatives said. The sales volume of passenger cars in the Chinese market is expected to reach 23.6 million units in 2019, the same number that were sold in 2018, the China Association of Automobile Manufacturers (CAAM) said at an industry meeting in Changsha, Hunan province. Overall vehicle sales in 2019 are expected to reach 28 million units, matching the volume of 2018.

"This is the first time in almost 30 years that China's car market will see zero growth," Jia Xinguang, Executive Director at the China Automobile Dealers Association (CADA), told the Global Times. "In November, domestic auto sales dropped for the fifth month in a row and this downturn will continue in 2019, but not many automakers are well prepared for it," he said. Sales have been trending downward since July. Slowing economic growth, a lack of consumption incentives and tightened car buying restrictions have hindered the growth of the domestic auto market, industry representatives noted. "2019 might be even more difficult for automakers. CAAM has not come up with the worst scenario yet. Overall car sales may see annual declines next year," Mei Songlin, Vice President and Managing Director of China Operations at JD Power said.

In the first 11 months of the year, total sales fell 1.7% from the same period a year earlier, to 25.42 million vehicles. Sales declined 13.9% year-on-year to 2.55 million units in November. Sedans, multi-purpose vehicles (MPVs) and sports-utility vehicles (SUVs) all fell in November compared with the same month last year. Sales of passenger cars dropped 16.1% to 2.17 million units in November, but sales of commercial vehicles climbed 1.7% to 374,000 units. Sedan sales were down 11.9% at 1.07 million vehicles. Sales of SUVs, usually the industry's brightest spot, shrank 18.1% to 909,000 units, while those of MPVs declined 30.8% to 150,000 units.

Although China has agreed to lower tariffs on imported vehicles as part of its efforts to further open up its market to foreign companies, **the volume of imported cars is still**

very limited, and foreign car dealers should also prepare for a tepid market, JD Power's Mei noted. China has already lowered the 20% to 25% tariffs on imported cars to 15%, the Xinhua News Agency reported in July. To ease China-U.S. trade tensions, China announced last week it will temporarily stop imposing 25% and 5% tariffs on U.S.-made cars and components for three months starting from January 1, 2019. "Those moves may unleash some momentum for the car market, which could help boost overall sales volume," Mei added. China's car market still has room to grow, as vehicle ownership per capita was 131 units in 2016, far behind other countries such as the U.S. and Japan, where the vehicle ownership per capita was 834 and 611, industry consultancy chyxx.com said in a report released in January. Purchase restrictions in China peg the peak ownership ratio at 400 units.

While sales of gasoline-powered passenger cars aren't likely to increase in 2019, **sales of new energy vehicles (NEVs) are expected to grow 33.3% next year**, to reach 1.6 million units, the Global Times reports. In November, sales of NEVs soared 37.6% to 169,000 units, while production jumped 36.9% to 173,000 units, according to CAAM. Sales of electric vehicles rose 30.3% to 138,000 units while 31,000 plug-in hybrid vehicles were sold last month, a jump of 82.5% from a year earlier. In the first 11 months of this year, NEV sales surged 68% year-on-year to 1.03 million vehicles. Production rose 63.6% year-on-year to about 1.05 million units, the Shanghai Daily adds.

Local authorities no longer required to work on 'Made in China 2025'

China has stopped requiring local governments to work on the "Made in China 2025" strategy, the latest directive issued by the Chinese government to local authorities showed, in a clear sign that Beijing is toning down a policy that has become a centerpiece of its rivalry with the U.S. However, China will continue to pursue its ambition of becoming an industrial and technological power, with the directive making clear that the initiative has been dropped in name only. "Made in China 2025" had the clear target of increasing domestic players' market share of key hi-tech sectors such as robotics and new energy vehicles.

The Chinese government has released a list of key policies for local governments to focus on, omitting any references to the scheme, which had been strongly opposed by the U.S. government. In the previous guideline, issued in November 2016, Beijing set up a special fund for "Made in China 2025" and clearly stated that local governments should offer financial support to projects and enterprises related to the policy. In 2017 and early 2018, central authorities published a list of local governments to recognize and recommend their "outstanding achievement" in supporting the initiative.

The U.S. claimed that **Chinese government support** for the hi-tech sector **would create an unequal playing field for U.S. tech companies**. The omission is likely to be read as another indicator that China is attempting to play down its support for "Made in China 2025", which has appeared less frequently in propaganda materials and official documents since the U.S. made its opposition clear during the summer. U.S. Commerce Secretary Wilbur Ross said that it was clear that China has been playing down the 2025 strategy, since there has been fewer talk about it. "But that doesn't mean they've dropped it," Ross said, adding that the U.S. does not oppose China's efforts of moving into advanced technologies.

European Chamber urges China to define the role of government in its economy

The European Union Chamber of Commerce in China (EUCCC) has urged China to define the role of the government in its economy, with experts warning that its continued interference is spooking global markets. "When we look at the next round of reforms, the key issue is the correct definition and the role of the government in the economy," said Chamber President Mats Harborn on the sidelines of the Chamber's annual conference in Beijing. "It's the core of all the conflicts. Should the government be directly supporting the industries or should the government be creating the frameworks?" he said, in reference to the ongoing trade war between the U.S. and China, as well as former disputes between China and the EU.

At the crux of the China-U.S. trade war is Washington's accusation that China's government investment in selected industries amounts to unfair competition – a complaint made by many foreign businesses over the years. For example, the "Made in China 2025" initiative, which aims to replace imports with local products and build global champions to compete with Western companies in cutting-edge technologies, has attracted the ire of the U.S. government, which claims it will destroy any chance of a level playing field for private companies. The Chamber also said that President Xi Jinping's various economic reforms have not delivered meaningful change in opening up the Chinese economy.

Scott Kennedy, China Expert at the Center for Strategic and International Studies, a Washington think tank, told the South China Morning Post that the **global solar industry has been clearly and negatively affected by China's state objectives** in clean energy. China, the world's biggest solar market, has been the leader in new solar installations over the past few years, often subsidized by the government through guaranteed electricity prices. As such, there are growing concerns about overcapacity. China's installed solar capacity reached 140 gigawatt (GW) at the end of March 2018, almost twice the 2016 level. But the expansion is expected to slow. In June, Beijing moved to rein in the expansion of the industry by suspending the allocation of more quotas for new farms and cutting subsidies. The glut in global inventories sent solar panel prices plummeting and the continued state support means they are set to plunge further. Some foreign solar panel producers have already gone out of business, showing the impact China's plans have on companies elsewhere.

World's first nuclear European pressurized reactor (EPR) goes into operation

The world's first European pressurized reactor (EPR) has gone online in southern China after years of safety and design delays. The third-generation reactor went into operation at the Taishan Nuclear Power Plant, 136 km west of Hong Kong, following extensive tests. The Taishan plant is a joint venture between the China General Nuclear Power Group (CGNPG) and Electricité de France, and its start date has been pushed back repeatedly since construction began a decade ago. A spokesman for the Taishan Nuclear Power Joint Venture confirmed the plant had begun commercial operations. A second EPR reactor is expected to come online at the plant next year.

The French EPR technology is notoriously difficult to build and **similar projects in Finland and France have also been plagued by delays**. Guo Limin, General Manager of the joint venture, said the company had learned from the delays and would apply that knowledge to the construction of the second reactor. He said delays had also been caused by changes in design and resulting contract disputes. Guo said the design was upgraded to prevent major disasters, including a direct hit from a plane and generator failures like those in Fukushima in 2011. China's National Nuclear Safety Administration raised concerns about safety at the Taishan plant in May after an inspection, and the plant had addressed those issues.

Zhao Jiyun, Professor of nuclear science and engineering at the City University of Hong Kong, said the Taishan reactors were sealed in a "double-wall crust". The inner shell could resist internal hazards resulting from severe accidents such as an earthquake, while the outer layer, a reinforced concrete structure, was designed to withstand a plane crash. "The European pressurized reactor technology is the third generation of nuclear reactors, and it's safer than the second generation used by plants such as the Daya Bay Nuclear Power Plant in Shenzhen," he said. The Taishan project was launched on November 26, 2007 and was initially expected to generate power as early as 2013. France's Flamanville EPR project is still years behind target, as is Finland's project in Olkiluoto, the South China Morning Post reports.

China economy weaker in November as effect of trade war sets in

The Chinese economy weakened further in November, as the trade war with the United States continued to take a toll on growth, according to the latest economic data. The data suggest that fourth quarter growth will slow further from the rate of 6.5% posted in the third quarter. **Retail sales growth decelerated sharply to 8.1%** from the 8.6% rate in October, lower than the 8.8% rate expected by analysts polled by Bloomberg. The November growth rate was the lowest since the 4.3% gain posted in May 2003. The slowing of retail sales suggests that record sales during November 11 Singles' Day could not offset declines in other areas, such as car sales, which fell 16.1% during the month, year-on-year, according to the China Association of Automobile Manufacturers (CAAM). Ding Shuang, Chief China Economist at Standard Chartered Bank, said weak auto sales were caused by the expiration of tax rebates for smaller cars, a slowdown in consumer loans partly due to the crackdown on online peer-to-peer lending platforms, and subdued property investment, since new homes are often sold together with garages.

Industrial production grew 5.4% in November compared to the previous year, well below the 5.9% gain in October. The November growth rate was the lowest in 10 years, matching the 5.4% gain in November 2008. Fixed-asset investment (FAI) was the lone bright spot, growing 5.9% in the January to November period, up from 5.7% in the first 10 months of the year. The property investment growth rate was stable at 9.7% in November. Analysts predicted that growth will be hit hardest in the first half of next year when the full effect of U.S. tariffs is felt. National Bureau of Statistics (NBS) Spokesman Mao Shengyong said that

China still had the potential to maintain a stable and fast rate of consumption growth next year, given the rise in the number of middle class citizens.

The government is expected to roll out more pro-growth measures, including tax cuts and an increase in fiscal spending, when officials set overall economic policies for 2019 at the Central Economic Work Conference this week.

Foreign direct investment (FDI) in China fell sharply in November as concerns over the tariff battle between China and the United States hit investor confidence. China's Ministry of Commerce said FDI in the month fell 27.6% year-on-year to USD13.6 billion. "Given the prospect of additional tariffs, foreign companies are afraid to invest in China now," said Shen Jianguang, Chief Economist at JD Finance in Beijing. FDI in China in the first 11 months of 2018 fell 1.2% year-on-year to CNY793.7 billion.

China's imports and exports totaled CNY27.88 trillion in the first 11 months, up 11.1% from the same period last year. Exports grew 8.2% to CNY14.92 trillion while imports rose 14.6% to CNY12.96 trillion, narrowing the trade surplus by 21.1% to be CNY1.96 trillion.

Zhejiang province pledges billions to drive tech innovation

Zhejiang province, home to e-commerce giant Alibaba Group, has pledged CNY120 billion to drive tech and innovation in the next five years. The investment plan is part of a new technology policy rolled out by the provincial government, with the goal of **building itself into a global "high ground" of technology innovation in internet and medical research by 2020**. "We will also guide social capital and financial institutions to invest around CNY290 billion," Gao Yingzhong, head of the provincial Science and Technology Department, was quoted as saying by Xinhua. He added that the total investment in research and development (R&D) in Zhejiang province over the five year period is expected to reach CNY900 billion.

For years, China relied on government subsidies to encourage development of key industries, but starting in 2014, subsidies gave way to so-called "guidance funds", or state-backed funds and private equity firms. As of October, various levels of governments in China had set up 2,041 government guidance funds, raising a total of CNY3.7 trillion, according to a report by Tsinghua University last month. While the investment by the Zhejiang government is not a government guidance fund, it is part of a broader top-down innovation approach by the Chinese government as it steps up efforts to boost the private sector and increase the competitiveness of its home-grown tech sector, which still relies heavily on foreign suppliers for core technologies such as semiconductors.

Zhejiang is home to many of China's most successful private businesses, which made up nearly two-thirds of the provincial economy in 2017. Alibaba said in October that it expects to invest USD15 billion in R&D over the next three years. Last year the company spent USD3.6 billion on R&D, according to a PwC survey. Zhejiang province is also aiming to increase the ratio of R&D expenditures to the equivalent of 3% of provincial GDP by 2022. China's total investment in R&D was equal to about 2.2% of GDP last year, the South China Morning Post reports.

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