China Business Weekly

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法兰德斯中国商会 FCCC VCKK
FLANDERS-CHINA CHAMBER OF COMMERCE
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

FCCC/EUCBA ACTIVITIES

Webinar: What does China's slowing growth mean for foreign investors? 31 March 2022, 09h00 - 10h00

The Flanders-China Chamber of Commerce is organizing a webinar, **What does China's slowing growth mean for foreign investors?'.** This webinar will take place on March 31, 2022, from 09h00 am to 10h00 am CET.

China's economy has been slowing down over the past few months, and this is expected to continue this year. This webinar focuses on how ING looks at China's growth, sectors that benefit from recent policies, and how the Chinese economy interacts with the rest of Asia. We will also discuss what supportive measures can be expected from the central bank and the fiscal policies to be introduced by the central government.

Our guest speaker will be Mrs Iris Pang, Chief Economist, Greater China at ING Wholesale Banking.

The programme is as follows:

09h00-09h05: Welcome speech by Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce

09h05-09h40: Presentation by Mrs Iris Pang, Chief Economist, Greater China at ING Wholesale Banking.

09h45-10h00: Q&A session.

This event is free for non-members.

Practical information:

Date and time: March 31, 2022, 09h00-10h00

Location: Online

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Webinar: Intellectual property protection in China: R&D activities
12 April 2022, 10:00 CEST

On April 12, 2022, the Flanders-China Chamber of Commerce, the EU-China Business Association and the China IP SME Helpdesk are organizing a webinar that will focus on **IP Practices in R&D Activities**, which will take place from 10h00 AM to 11h15 AM CEST.

Developing an Intellectual Property (IP) strategy is a critical consideration for European SMEs expanding in China, which also applies to research and development (R&D) activities. As outcome of R&D, new intellectual property is being created so a company's IPRs need to be clearly defined. European SMEs may run into problems navigating the ins and outs of ownership of IP.

The China IP SME Helpdesk will provide an online training on the best practices to avoid disputes over IP during joint R&D activities.

Program

10h00 - 10h05: Welcome remarks and introduction of the China IP SME Helpdesk – Alessandra Capriglia, Project Manager, China IP SME Helpdesk

10h05 - 10h10: Introduction to Flanders-China Chamber of Commerce and to the EU-China Business Association – Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce

10h10 - 11h00: IP Protection in China when running R&D activities – Matias Zubimendi, IP Business Advisor, China IP SME Helpdesk

11h00 - 11h15: Q&A

Practical information:

Date: 12.04.2022

Location: Online

Price members: Free

Price non members: Free

SUBSCRIBE HERE

China: Life-sciences Masterclass: Understanding China's Healthcare Market and its Evolutions: 6 module course – May 2022

The Flanders-China Chamber of Commerce is organizing a Masterclass: "Understanding China's Healthcare Market and its Evolutions: 6 module course" in collaboration with Smart Hub Vlaams-Brabant and Flanders Investment & Trade. The Chinese health sector is experiencing unprecedented growth: China is already the second-largest market for medical equipment and pharmaceuticals as well as experiencing tremendous growth in healthcare services. This course consists of 6 online sessions and is aimed at innovative companies specializing in pharma, biotech, medtech, and nutrition.

A range of experts will cover crucial topics necessary to prepare companies for the Chinese market. These topics include: opportunities and challenges in the Chinese market, cultural differences, legislative information and regulation, preparation for participation in trade shows, hands-on experiences of other companies, financial support, as well as pitching and matchmaking sessions with Chinese partners.

This 6-part online Masterclass will take place between 10 and 20 May 2022. Language: English.

You can download the whole programme and register via this link:

https://www.flanders-china.be/en/events/understanding-chinas-healthcare-market-and-its-evolutions-6-module-co

ACTIVITIES SUPPORTED BY FCCC

2022 Guangzhou International Agricultural Products Expo – 7- 9 April 2022 – Guangzhou

Flanders Investment & Trade Guangzhou office is organizing a booth at the 2022 Guangzhou International Agricultural Products Expo from 7 to 9 April in Guangzhou. This is an opportunity for Flemish companies in the agricultural sector to promote their products in China despite the Covid restrictions. The Expo covers the following topics:

- Fruits and vegetables: all kinds of fruits, vegetables and fruit and vegetable products, related technical equipment, etc.
- Grain and oil: rice and rice products, coarse cereals, edible oil, flour products, etc.
- Famous and special new agricultural products: green food / organic food / national geographical indication

products, local specialties, livestock and poultry products, meat, aquatic products, bee products, bean products, fungi, pickles, special food materials, seasonings, flavor food, nutrition and health food, drinks, e-commerce, etc.

- Tea: black tea, green tea, oolong tea, white tea, yellow tea and black tea, as well as reprocessed tea and related tea products.
- Food machinery and equipment: Food and beverage packaging and processing equipment, quality testing equipment, etc.

Flemish companies interested in participating can contact Ms Eva Verstraelen, FIT Economic Representative in Guangzhou at eva.verstraelen@fitagency.com providing following info:

- Company profile in English
- One page in English with USPs, website and contact details, which will be translated by FIT in Chinese
- An e-poster to decorate the stand. If an editable version is provided, this can also be translated in Chinese
- If relevant and desirable, also provide samples or gadgets

To discuss this opportunity with Eva Verstraelen, you can book a call on her booking page.

More information is available on the website of the exhibition at www.cagfair.com

International Cross-border E-commerce Industry Exhibition – 15-16 June 2022 – Guangzhou

Flanders Investment and Trade (FIT) Guangzhou, along with Awex Guangzhou, will organize a free booth at the **International Cross-border e-commerce industry exhibition on 15 and 16 June, 2022 in Guangzhou**.

Flemish companies can participate free of charge, either in person – if they already have an agent or representative in China – or represented by Flanders Investment and Trade.

Interested companies are requested to provide:

- Confirmation of participation (in person or through promotional material)
- One page in English with USPs, which will be translated by FIT in Chinese
- Company profile in English
- Company logo in .ai or .eps format
- A short description in English of the main activity (e.g. international forwarder), in case it is not sufficiently clear from the company's name or logo. FIT Guangzhou will translate this in Chinese. If there is a company slogan in Chinese, please include it.
- A beautiful, self-evident picture in high resolution showing the company's activities or an attractive eye catcher.

In case you want to send gadgets or materials or have them made locally – for this and other e-commerce/logistics related expo's in the coming months in Guangzhou and Shenzhen – this can be discussed in detail with FIT.

Participation deadline: 20 April 2022.

Contact: Ms Eva Verstraelen, FIT Economic Representative in Guangzhou at eva.verstraelen@fitagency.com

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HEALTH

Shanghai's Pudong and Puxi districts locked down one after the other, daily number of asymptomatic Covid-19 cases exceeds 2,500

Pudong and Puxi, the two main areas of Shanghai, will be consecutively locked down for mass testing: Pudong for four days starting on March 28; followed by Puxi starting on April 1. This means that half of the city will continue working, while the other half is locked down for testing. Residents will be confined to their residential compounds and all public transport, including buses, metro lines, taxis and ferries as well as privately owned vehicles will be barred from the roads. Meal delivery and courier services will remain operating with non-contact delivery to ensure the availability of basic life necessities.

The lockdown orders are set to disrupt operations at key facilities, from the Yangshan container port and Pudong International Airport to Tesla's Gigafactory and production at SMIC, China's biggest chip maker. All companies based in Pudong would be allowed to operate either under the "closed loop" system or on a work-from-home basis. The surprise decision came after repeated assurances by city officials that Shanghai would not go into lockdown.

On March 27, Shanghai reported 45 confirmed cases and 2,631 asymptomatic cases, the highest daily number in the whole of China. From March 1 to March 26, the total number of positive tests reported in Shanghai reached 12,513. The number of patients and those with asymptomatic infections being sent into isolation in Shanghai is putting pressure on the healthcare system. Zhang Wenhong, who leads an expert panel on Covid-19 control and treatment in Shanghai, said the city had to be pragmatic given how easily Omicron spreads. "But this virus has shown unprecedented transmissibility compared to previous strains, and still our control measures have stopped exponential transmission," he said, adding that the city would have seen tens of thousands of infections if the transmission chain had not been cut by targeted measures.

Authorities have sought to minimize disruptions while sticking to the country's dynamic zero-Covid strategy, imposing targeted lockdowns when cases emerge. At least 41 medical institutes in Shanghai have been suspending certain services due to Covid-19. Shanghai has taken measures to ensure all of the city's residents are being tested. Those who fail to do so will receive a yellow health QR code. The codes can only turn green in 24 hours after the residents finish the test. The city completed more than 30 million tests between March 18 and 20. The percentage of new infections among people not in quarantined areas has dropped to about 10%, which proved the city's grid screening strategy has been effective.

China will only consider adjusting its strict virus response after overall conditions change at home and overseas, according to Liang Wannian, head of the expert panel leading China's Covid-19 response. Those conditions included having better tools to fight the virus, the prevalence of a less dangerous strain and the pandemic becoming less serious abroad. "I know everyone is hoping for the pandemic to end soon, but the viruses and diseases themselves do not depend on our will," Liang said. He added that potential developments included the virus mutating into a weaker pathogen with lower transmissibility and virulence, posing less danger to health and life. This would be the best-case scenario. Another possibility was that vaccines became so effective they prevented not only severe illness and death, but stopped infection altogether. Future Covid-19 drugs might block the disease at an early stage, Liang said. "Globally, the epidemic in other countries should decrease and ease pressure on us to prevent outbreaks coming from overseas," he added. "If we stop all containment measures now, it means all the previous efforts are for nothing," Liang said.

Although the Omicron variant – dominant in China's latest Covid-19 outbreak – is milder, it spreads much faster and can cause a large number of infections and deaths given China's huge population, health experts said. So achieving dynamic zero-Covid in a short time is still the most effective epidemic containment measure with the least amount of cost, they said. Wu Zunyou said at a news conference that asymptomatic cases can turn into mild or more severe cases very quickly, so more attention should be paid to the infectiousness of the Omicron variant. "Only by sticking to the dynamic zero-Covid policy can the country prevent a large number of infections from taking up too many medical resources," Wu said.

About 212 million of the 264 million Chinese seniors age 60 and above have been fully vaccinated, according to Wang Huaqing, Chief Immunization Expert at the Chinese Center for Disease Control and Prevention. He added that there is no data to claim that seniors above 80 have a higher chance of experiencing adverse effects from inoculation. As of March 24, China had administered over 3.24 billion doses of Covid-19 vaccines, and more than 1.24 billion people had been fully vaccinated, accounting for 88% of the population.

The Chinese mainland reported more than 56,000 confirmed Covid-19 cases in 28 provincial-level regions from March 1 to 24. Jilin province is one of the hardest-hit areas with more than 29,000 cases reported during the period. Qingdao, Weihai and Zibo cities in Shandong province, and the cities of Shenzhen and Dongguan in Guangdong provinces have initially contained

the local outbreaks, while the situation in Beijing, Chongqing and Zhejiang province has stabilized. It is too early to treat Covid-19 driven by Omicron like the seasonal flu, Liang Wannian said.

The first batches of the oral Covid-19 medicine Paxlovid imported from Pfizer in Belgium were distributed by China Meheco Group Co from its warehouse in Beijing's Daxing district to Chanchun city in Jilin province, which recently registered many Covid-19 cases. China has already built 20 makeshift hospitals for Covid-19 patients and a further 13 are under construction in 19 cities, providing up to 35,000 extra beds.

This overview is based on reports by the China Daily, Shanghai Daily, Global Times and South China Morning Post.

FOREIGN INVESTMENT

China further shortens negative list for domestic and foreign private investors

The National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM) have jointly issued the 2022 edition of the negative list for market access. There are 117 items on the list, six items less than in the previous edition issued in December 2020. The 2020 version included 123 items, eight items less than the one in 2019. China introduced market access negative lists in December 2018. The negative list specifies industries which private investors, domestic or foreign, are either restricted or prohibited to invest. This list is different from the negative list for foreign investment, as it applies to both foreign and domestic investors.

The shortened negative list shows China's commitment to further opening up its markets and efforts to provide equal treatment to domestic and foreign market players, Bai Ming, Deputy Director of the Chinese Ministry of Commerce's International Market Research Institute, told the Global Times. For industries that are not on the list, all types of market players can enter the market on an equal footing according to the law, and no separate administrative approval for market access shall be established in violation of regulations, according to the NDRC.

Cui Weijie, Deputy Director of the Chinese Academy of International Trade and Economic Cooperation (CAITEC), believes the government will continue to shorten the negative list and expand market access. Zhou Maohua, Analyst at China Everbright Bank, said China has been working hard to expand market access and opening-up during the past few years. “It’s sending a clear signal that China is committed to optimizing the business environment and encouraging foreign investment participation in China’s development.” Zhou said that by continuously expanding its opening-up process, the country will promote its high-quality development and offer new business opportunities for global stakeholders, thus giving impetus to the global economy.

The NDRC and MOFCOM also called for **strengthening the anti-monopoly policies and preventing disorderly capital expansion**. “It is necessary to take measures to prevent risks while continuously expanding market access,” Cui from CAITEC, said. “Taking stronger actions against monopolies will help prevent disorderly expansion of capital, its unchecked growth and speculation in the market. That will also help maintain market order and protect the legitimate rights and interests of consumers and relevant market entities.” Jeffery Liu, Vice President of Corning, attributed China’s economic success over the last four decades to its strategic approach that focuses on openness, collaboration, sharing, innovation and sustainability, the China Daily reports.

FINANCE

Unprecedented capital outflows putting pressure on the yuan

Global investors have withdrawn money out of China on an "unprecedented" scale since Russia invaded Ukraine in late February, according to a report by the Institute of International Finance (IIF), with the yuan likely to face more pressure in coming months. Large portfolio outflows from Chinese stocks and bonds were reported, even as flows to other emerging markets held up, the IIF wrote in a report. "Outflows from China on the scale and intensity we are seeing are unprecedented, especially since we are not seeing similar outflows from the rest of the emerging markets," said the IIF report. "The timing of outflows – built after Russia's invasion of Ukraine – suggests foreign investors may be looking at China in a new light, though it is premature to draw any definitive conclusions in this regard." According to China Central Depository and Clearing, a depository for government bonds, overseas investors' holdings of Chinese onshore bonds fell by CNY67 billion in February.

"It's likely that the outflows will be even larger in March," according to Macquarie Capital. In the first 21 days of March, China also saw net outflows of CNY59 billion through the north-bound Stock Connect program with Hong Kong, although the total amount was smaller than the CNY70 billion of fund outflows in March 2020, the Macquarie report noted. Analysts expect fund outflows in yuan-denominated assets to remain volatile in the coming weeks, raising concerns about how the People's Bank of China (PBOC) will manage the yuan amid predictions that another rate increase by the U.S. Federal Reserve to tackle inflation could exacerbate outflows from emerging markets and weaken currencies. Freya Beamish, head of global macro at London-based research firm TS Lombard, said that China's "stubborn" management of the yuan would test the acceptable lower limit of GDP growth. "Prolonged weak growth would in any case lead to yuan depreciation eventually," she said. "If the authorities are not able to get creative about creating liquidity, China is headed for its equivalent of a recession."

The country's foreign exchange reserves, the world's largest, fell to USD3.214 trillion at the end of February from USD3.222 trillion, despite a strong yuan exchange rate with the dollar. Credit demand was much weaker than expected in February as new bank lending in China fell to CNY1.23 trillion, down sharply from a record CNY3.98 trillion in January, raising pressure on the central bank to ease policy further to support the slowing economy. Beijing has set a growth target of "around 5.5%" for 2022. China's economy in the first quarter is expected to reflect damage from its worst coronavirus outbreaks in more than two years, as new infections have climbed over the past few weeks. "As it is already the end of the first quarter, the risk of quarterly GDP growth falling short of 4% has been on the rise. If that is the case, the entire year's growth target of 5.5% would be facing tremendous uncertainties as well," according to Commerzbank.

Already, **U.S. moves to tackle inflation have resulted in hesitation by China's central bank over how much loosening** – including rate cuts – **it needs to bolster the economy**, while it also tries to avoid adding pressure on the yuan. China's yuan appreciated slightly to 6.3585 per U.S. dollar on March 25, rebounding from a 10-day low on the previous day. Swiss bank UBS said in a note that it expected China to allow "limited" depreciation of the yuan. "The limited yuan depreciation in all cases is in part due to UBS's global view that the U.S. dollar will weaken from current levels, but also because we believe the Chinese government would not want to see significant currency depreciation and is likely to tighten controls on capital outflows if necessary to slowdown the depreciation," UBS said.

The State Administration of Foreign Exchange (SAFE) said it would track cross-border capital flows more closely while trying to help companies defend against forex risks. "In any case, the pressure for capital outflows does increase this year, due to the FED hike cycle and the war. As a result, we expect the yuan to weaken modestly to 6.5-6.6 against the U.S. dollar toward the year-end," said Larry Hu, Chief China Economist at Macquarie Capital. "That said, the elevated trade surplus and the large dollar pool built by Chinese banks and corporates over the past couple of years could help cushion external shocks. As a result, the pressure from capital outflows would not constrain the policy easing this year," according to Macquarie Capital, as reported by the South China Morning Post.

CHINA NEWS ROUND-UP

Belgian entrepreneur running chemical fertilizer company in Xinjiang

The China Daily has published a short article about a Belgian entrepreneur who runs a chemical fertilizer company in Xinjiang. The newspaper writes that **Danny Decombel, 59, set up the company in 2006**. After graduating in animal husbandry in Belgium, Decombel began working for a Chinese-American joint venture in Shenzhen in 1988 and several other companies in Guangdong and Fujian, being promoted from technician to senior executive. When the company he worked for was facing closure in 2005, he decided to move to Xinjiang after a customer told him that the region is widely applying drip irrigation technologies, which means there is a huge demand for water-soluble fertilizer. "I have visited a lot of farmers in northern Xinjiang since 2005, speaking with them about the efficient use of water-soluble fertilizer. I found they recognized many of my ideas," Decombel said.

"It turned out I was right to start the business in Xinjiang," he said. "I think there is no place other than Xinjiang that could have given me such an opportunity". While having success in northern Xinjiang, Decombel faced obstacles in expanding the market in the south of the region. "Many farmers in southern Xinjiang had not yet started using drip irrigation technologies when I planned to expand my business in 2011," he said. He did not expect that the fertilizer, which was suitable for the land in northern Xinjiang, would fail to suit the land in the South due to the complicated soil types. His team finally found the best solution after intensive research. His company now sells 20,000 metric tons of chemical fertilizer each year, and it is used across approximately 10,000 hectares of farmland in the region.

His latest project is promoting the Belgian Blue cattle breed in China. "The Belgian Blue is a treasure of our country. I'm very confident since I have seen so much development in China over the years," he said. "I will work until I'm 70 to fulfill this goal," Decombel told the China Daily.

U.S. reimposes tariff exemptions on 352 imports from China

U.S. President Joe Biden's administration will reinstate tariff exemptions on 352 products imported from China, accounting for about two-thirds of waivers that had expired at the end of 2020. The exemptions will apply retroactively from last October until the end of 2022. Biden made the decision after a public comment period that the U.S. Trade Representative (USTR) announced last October. Companies were asked to comment on whether affected goods could be sourced from countries other than China, whether product procurement had been affected by global supply chain shifts and if there was domestic capacity to manufacture the products. **"**The focus of the evaluation will be whether, despite the first imposition of these additional duties in September 2018, the particular product remains available only from China," the USTR said at the time.

In a statement announcing the waivers, the USTR said that the determination had been made "after careful consideration of the public comments, and in consultation with other U.S. agencies." The USTR also sought input from the White House's Covid-19 response team, suggesting efforts by the Administration to minimize the effects of the trade dispute on pandemic-related supplies. Applying to 352 of the 549 product types up for consideration, the exclusions include consumer goods like household appliances and bicycles, manufacturing components like electric motors, and some medical equipment such as X-ray hardware.

Given that a product's availability outside of China was a key consideration in the exclusion process, reinstatement of the waivers was "clear evidence China is critical to the global supply chains that benefit American businesses and consumers," said David Adelman, Managing Director at KraneShares, an asset management firm focused on China. The waivers constitute a small fraction of the total amount of goods targeted by tariffs put in place during the Administration of former President Donald Trump. They eventually expanded to cover some USD300 billion worth of imports from China – around two-thirds of all Chinese goods exported to the U.S.

In a letter to USTR Katherine Tai last month, a bipartisan group of 41 Senators called for a full exclusion process where all goods would be eligible for consideration, charging that: "the current narrow exclusion process denies many a fair shake, and instead picks winners and losers among businesses." The Senators also criticized the Administration for only retroactively applying the waivers as far back as October, meaning that importers of those goods would have paid some 10 months' of tariffs from when the exclusions expired at the end of 2020. The Chinese government hit back with its own tariffs on U.S. imports, covering just over 58% of goods with duties, the South China Morning Post reports.

Shu Jueting, Spokesperson for China's Ministry of Commerce (MOFCOM) said the move is conducive to the normal trade of these goods, but hoped the U.S. would cancel all additional tariffs it has imposed on Chinese products soon to push the bilateral economic and trade ties back on the right track as early as possible.

Plan to develop hydrogen industry published

The National Development and Reform Commission (NDRC) and the National Energy Administration (NEA), unveiled the country's first medium- to long-term plan (2021-35) to promote high-quality development of the hydrogen industry. It is part of China's larger drive to build a clean, safe and efficient energy system. China will seek to have around 50,000 hydrogen-fueled vehicles and a number of hydrogen fueling stations by 2025. By then, the country aims to produce 100,000 to 200,000 metric tons of hydrogen generated from renewable energy sources a year, reducing carbon dioxide emissions by 1 million to 2 million tons a year. A relatively complete

hydrogen industry technology innovation system as well as a clean energy-based hydrogen production and supply system will be formed by 2030, which will help in meeting the country's carbon peak goal. By 2035, the share of hydrogen generated from renewable energy resources in the final energy consumption will be significantly expanded.

Wang Xiang, Deputy Director of the Department of Innovation and High-Tech Development at the NDRC, said development of the hydrogen industry will help the energy industry to transition to a green and low-carbon future. Ouyang Minggao, Academician at the Chinese Academy of Sciences (CAS) and Professor at Tsinghua University, said the long-awaited plan will play an important role in promoting the high-quality development of the hydrogen industry in China. Ouyang said China needs to make break-throughs in major fields, including hydrogen fuel cells and storage systems. More efforts should also be made to build a hydrogen innovation platform, carry out research on core technologies, cultivate more talent and promote international cooperation and exchanges.

Compared to unstable energy sources like wind turbines and photovoltaic solar panels, hydrogen will provide a stable supply of power, Lin Boqiang, Dean of the China Institute for Studies in Energy Policy at Xiamen University, said, as reported by the China Daily.

China ready to work with EU to implement CAI

China and the EU have been carrying out technical work, including legal reviews, since negotiations over a bilateral investment treaty were completed at the end of 2020, preparing **for the deal's signing and ratification**, Shu Jueting, Spokesperson for the Ministry of Commerce (MOFCOM), said. The Comprehensive Agreement on Investment (CAI) is a balanced, high-level, mutually beneficial and win-win deal. Signing at the earliest possible time suits the common interests of both sides, Shu said in response to a question from the Global Times about whether there would be progress on the CAI at the upcoming China-EU summit on April 1. China stands ready to work with the EU to push for the investment deal to be ratified and come into force, the MOFCOM Spokesperson said.

During the first two months of 2022, the EU regained its position as China's top trading partner, with bilateral exports and imports growing 12.4% to CNY874.64 billion, accounting for 14.1% of the country's total trade. China's trade with the ASEAN increased by 10.5% to CNY870.47 billion during the period. MOFCOM's latest remarks indicate that both sides are still hoping to make headway on the CAI, although the deal still faces some challenges in moving forward, Cui Hongjian, Director of the Department of European Studies at the China Institute of International Studies, told the Global Times.

In May 2021, the European Parliament voted a motion to freeze the ratification process, putting the brakes on ratifying the deal. There remain different opinions within the European Parliament as to whether to revoke the unilateral freeze, Cui said. The CAI talks kicked off in late 2013, with 35 rounds of official negotiations held before the two sides completed negotiations on the mega investment deal at the end of 2020, the Global Times reports.

MIIT protests the revoking of licenses of Chinese telecom operators in the U.S.

The Ministry of Industry and Information Technology (MIIT) urged the United States to withdraw its decisions against two Chinese telecom companies after Pacific Networks Corp and its wholly owned subsidiary ComNet (USA) received an order from the U.S. Federal Communications Commission (FCC) revoking their right to provide relevant telecom services in the U.S. This is the latest move by the U.S. government to curtail the activities of Chinese telecommunications companies. The FCC has already revoked the licenses of China Telecom Americas and China Unicom (Americas) Operations to provide relevant telecom services in the U.S.

MIIT said in a statement that it strongly opposes such decisions and urged the FCC to treat Chinese telecommunications companies fairly and in a non-discriminatory way. “China will continue taking necessary measures to safeguard the legitimate rights and interests of Chinese companies,” MIIT said. Pacific Networks Corp and ComNet (USA) have been operating in the U.S. for years. They have always abided by U.S. laws and regulations, and provide high-quality services to many customers in the U.S. in accordance with commercial principles. MIIT said the FCC revoked their Section 214 authority without listing any facts to support the alleged legal violations, adding that it is an unreasonable suppression of Chinese companies by further overemphasizing national security and abusing state power.

Such practices seriously damage the U.S. business environment and harm the legitimate rights and interests of Chinese companies and global consumers, including U.S. users, the Ministry added. Jeffrey J. Carlisle, a U.S. lawyer representing Pacific Networks, said in a letter in January that the carriers “engage in very limited and small-scale facility-based operations in the U.S. that do not pose national security concerns. The primary business of the companies is providing retail calling cards.”

Xiang Ligang, Director General of the Information Consumption Alliance, said the business activities of China Unicom and China Telecom were also fairly limited in the U.S., including offering overseas Chinese consumers domestic and international telecommunications. China Unicom and China Telecom had been operating in the U.S. for about two decades before their licenses were revoked, the China Daily reports.

Nike and Adidas losing market share to Chinese competitors

China's sportswear market is evolving with international brands like Adidas and Nike losing market share, while Chinese consumers start to embrace rival domestic brands such as Anta and Li Ning. The trend further intensified in recent months, with

several domestic companies witnessing rapid market growth, while overseas brands' revenues stagnate. Nike's overall revenues surged by 5% to USD10.87 billion in the three months ending February, but its revenues in the Greater China Region dropped by 5% year-on-year to USD2.16 billion. However the decline narrowed from a 24% drop registered in the previous quarter. Nike said that the company's business performance in the Greater China region this past quarter is in line with expectations, and that performance might get better in the next quarter.

German sportswear brand Adidas also saw its fourth-quarter revenue ending December 31 fall 24% year-on-year in the Chinese mainland, Hong Kong and Taiwan, which the company attributed to a "challenging" market environment.

In contrast, domestic sportswear companies are experiencing a boom as they see stronger growth of revenues and profits as a result of market sentiment shifting to domestic brands. Chinese sports and fashion brand Li Ning saw its profits in 2021 rise 136% to reach CNY4 billion, while its revenues increased by 56% to CNY22.57 billion in 2021, according to the company's financial report. Anta saw its revenues grow 52.5% to CNY24 billion in 2021, while its gross profit in the region surged 78.1% on a yearly basis. Overseas brands are losing prestige among young Chinese consumers, who now opt to support Chinese products in a new wave of patriotism. A number of domestic brands including Li Ning and Anta have taken action to support the cotton grown in Xinjiang after some Western clothing brands announced a boycott of Xinjiang cotton, the Global Times reports.

International carbon emission trading center to be set up in the Hainan Free Trade Port

The establishment of an international carbon emission trading center in the Hainan Free Trade Port to demonstrate the nation's low-carbon transformation and further open up its financial markets, has received the green light. To be registered in Sanya and expected to be in operation in the latter half of the year, the carbon emission trading center was one of the key international trading venues to be promoted in the construction of the Hainan Free Trade Port (FTP). The master plan for the Hainan FTP released by the central government in June 2020 said that international trading venues for energy, shipping, bulk commodities, intellectual property rights, equities and carbon emission rights would be set up in Hainan. The plan aims to build Hainan into a globally influential high-level free trade port by the middle of the century.

The center will provide capital support for all kinds of carbon-related financial products and boost the reduction of carbon emissions and energy consumption to serve the national green and low-carbon development strategy. Establishing the international carbon market in Hainan is an important way to achieve the nation's goals for peak carbon emissions and carbon neutrality, and a crucial link in developing a market-oriented ecological compensation mechanism, officials said. Experts said that construction of the Hainan International Carbon Emission Trading Center is of critical significance.

"Hainan FTP has an excellent market environment and preferential tax policies, which will bolster long-term market expectations. Hainan's practice in piloting international carbon emissions trading will be a example for other parts of the country," Zhang Jianhong, Senior Engineer with China International Engineering Consulting said. Efforts are underway to accelerate the building of new international trading places for products and services such as equities, options and shipping, the China Daily reports.

China's top 100 cities driving up GDP growth

China's top 100 cities contributed around 70% of the country's GDP last year, playing an increasingly important role in supporting the nation's overall growth. The cities created a combined gross domestic product (GDP) of around CNY80 trillion in 2021, the lion's share of the nation's GDP of CNY114.4 trillion. The top 100 list includes cities with a GDP of at least CNY308.3 billion, up CNY28.12 billion from the previous year. Jiangsu province did better than all other provincial-level areas, with 13 of its cities making the list. Shandong province was second with 11 and Guangdong province next with 10. Yang Gangqiang, Vice President of Wuhan University's Institute of Regional and Urban-Rural Development, said the top 100 cities are mainly located in areas benefiting from major national development strategies, including Beijing, Tianjin and Hebei; the Yangtze River Economic Belt; the Yangtze River Delta region; and the Guangdong-Hong Kong-Macao Greater Bay Area.

Yang attributed the accelerated development of cities in Jiangsu, Guangdong and Shandong to their rapid transformation and upgrading as well as strong innovation-driven growth. More efforts should be made to promote the allocation of land, labor and technology, give full play to the crucial role of central cities and city clusters in radiating and driving the development of the surrounding cities, and further deepen opening-up and regional cooperation, Yang added.

Jia Ruoxiang, Director of the Comprehensive Research Office at the National Development and Reform Commission's Institute of Spatial Planning and Regional Economy, said cities on the East coast and in the central and western regions were a driving force in stabilizing the economy last year. Most of the cities with robust growth have strong innovation capabilities and a modern industrial system, showing strong resilience and great potential, Jia said. He added that fluctuations in energy prices and the rapid development of new energy sectors have driven up the growth of some cities, such as Erdos in Inner Mongolia, Yulin in Shaanxi province and Ningde in Fujian province. Pan Helin, Co-director of the Digital Economy and Financial Innovation Research Center of Zhejiang University's International Business School, said the rapid growth of some of the leading cities has been buoyed by the development of emerging manufacturing sectors and fields related to new energies. Production and development of new vaccines and other urgently needed medical supplies have also provided a boost.

The government's decision to build eight national

computing hubs and 10 national data center clusters showed China is taking steps to channel more computing resources from its eastern regions to the less-developed but resource-rich western regions, he said. The move is expected to inject impetus into the digital economy and foster more balanced development across China, Pan added, as reported by the China Daily.

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Contact

Flanders-China Chamber of Commerce
Office: Ajuinlei 1, B-9000 Gent, Belgium
New telephone and fax numbers:
T ++32/9/269.52.46
F ++32/9/269.52.99
E info@flanders-china.be
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The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com
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