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

Exclusive Dinner with H.E. Mr Cao Zhongming, Ambassador of the People's Republic of China in Belgium – June 16, 2022 – 18h30 – Brussels

After a few years of virtual meetings, we now have the pleasure to invite you to an exclusive dinner with H.E. Mr Cao Zhongming, Ambassador of the People's Republic of China in Belgium. This dinner will take place on June 16 at 18h30 at 'De Warande', Zinnerstraat 1, 1000 Brussels.

During this dinner His Excellency Ambassador Cao Zhongming will deliver a speech on China's economic perspectives.

This exclusive event is an excellent opportunity to meet in person with the Ambassador and to introduce your company's activities.

If you are interested in attending, please subscribe via the button below before June 10. The dinner is certain to be well attended, so we strongly recommend you book now to guarantee your place.

The programme is as follows:

Thursday, 16 June, 2022

18h30 – 19h00: Registration and networking

19h00 – 19h05: Introduction by Mr. Kurt Vandeputte, Chairman of the Flanders-China Chamber of Commerce

19h05 – 19h20: Speech by H.E. Mr. Cao Zhongming, Ambassador of the People's Republic of China in Belgium

The speeches will be followed by a walking dinner at 'De Warande'.

Practical information:

Date: June 16, 2022

Time: 18h30

Location: De Warande, Zinnerstraat 1, 1000 Brussels

Price for members: €125 **Price for non-members:** €165

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Webinar: "Experiences of Investing in Weihai, Shandong Province" June 16, 2022 – 10h00 CEST

The Flanders-China Chamber of Commerce and the EU-China Business Association are organizing a webinar which focuses on **"Experiences of investing in Weihai, Shandong province"**. This webinar will take place on **Thursday June 16 at 10h00 CEST**.

During this webinar, you will hear of the experiences of companies that have already invested in Weihai, as well as more information about the investment environment and the pillar industries.

Several of our member companies, such as Bekaert, Beaulieu and Marquardt, already have major investments in Weihai. They have benefitted from the city's very business-friendly investment environment. The city has established several pillar industries, including machinery, food, transportation equipment, textiles and garments, medicine and medical devices, electronics and new materials. The emerging industries of Weihai are medical & healthcare, information & outsourcing and "intelligent" manufacturing.

Over the past 10 years, the Flanders-China Chamber of Commerce and the Weihai Foreign Investment Bureau have formed a strong bond to help build and then strengthen trade relations between both sides and to introduce each other's investment environments.

Program

10:00 – 10:05 Welcome by **Mr Gong Bengao, Director, Weihai Municipal Bureau of Commerce** and **Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce/EU-China Business Association, Honorary Citizen of Weihai City and Shandong Province**

10:05 - 10:10 Speech by **Vice-Mayor of Weihai, Mrs Yang Li**

10:10 - 10:15 Speech by Mr Kurt Vandeputte, Chairman, Flanders-China Chamber of Commerce

10:15 – 10:35 Presentation of Weihai and Interview on the Weihai industrial and investment environment with **Mr Chen Hui, Chief Representative of Weihai in the EU**

10:35 – 11:00 Experiences of Bekaert and Marquardt of investing in Weihai:

Mr Adam Touhig, Senior Vice President RR Asia, Bekaert

Mr Berthold Arends, General Manager, Marquardt Switches Weihai.

11:00 - 11h15: Question and answer session

Practical information:

Date: 16.06.2022

Location: Online

Price members: Free

Price non members: Free

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ACTIVITIES SUPPORTED BY FCCC

2022 Second Beijing International Life and Health Industry Cross-border Expo 26 May – 16 July – Beijing and online

Foreign companies can participate online in the **Beijing International Life and Health Industry Expo**. The opening ceremony will be held on May 26, 2022 and the Expo will be held **from May 26 till July 16, 2022**.

In the post-epidemic era, the life and health industry has ushered in a "golden period" of development. In order to actively respond to President Xi Jinping's call to "build a community of human health", promote the cross-border integration and development of the life and health industry, and deepen pragmatic cooperation in the global industrial chain, the Foreign Trade Development Bureau of the Ministry of Commerce (MOFCOM), the China Chamber of International Commerce, the World Federation of Chinese Medicine Societies, The Chinese Research Hospital Association and Sanlu Zero Exhibition Co., will jointly hold the "2022 Second Beijing International Life and Health Industry Cross-border Expo" at the China International Exhibition Center in Beijing.

The expo covers six fields: medical apparatus and instruments; biomedicine; labor protection supplies and hygiene and epidemic prevention; health industry of traditional Chinese medicine (TCM); medical cosmetology; nutrition and health care; pharmaceutical raw materials and equipment; and digital health.

Following documents can be downloaded:

List of multinational, organizations, hospitals and pharmacy chain stores, manufacturers for collaboration

List of Chinese companies for export

Registration form

Expo website: http://en.360clhe.com/pc/index.html#/

Email: pxchina@126.com

Registration: Register here.

For more information you can also send an email to info@flanders-china.be

Flanders Investment and Trade Export Fair – 21-23 June 2022 – Brussels

The Flanders-China Chamber of Commerce participates in the Flanders Investment and Trade Export Fair.

Come and meet us at our booth.

The FCCC will organize a seminar on doing business with a changing China on 22 June at 10h30. More details will follow.

Program of the Export Fair

Register and make your own program. The Fair is open from 9:00 till 17:00.

An overview of all activities is in the agenda.

Appointment with a FIT Country Expert

Worldwide FIT has stationed country experts who live and work in the export destination of your dreams:

- 89 economic and trade representatives
- 9 technology representatives
- 4 customs representatives

Discuss your export plans with them and realize your international dreams!

Make an appointment soon, FIT Country Experts are very popular. You can find their profiles here.

Seminars & workshops

Are you looking for practical advise and inspiration for your international plans? FIT is organizing numerous interesting seminars and workshops to optimize your international talent and skills. You will find them in the agenda.

FIT-booth

In the center of the Fair is the FIT-booth, where you can go for all your questions about our services.

- subsidies and financing
- group business trips, participation in expos & other events
- market information (trade statistics, regulations, international opportunities)
- consultancy (market inquiries, how to make an export plan, evaluation of the export capacity of your company with our patented export meter etc.)

You can make an appointment in advance with our 14 international advisers on entrepreneurship.

Other Fair participants

Many service providers who can help you make a success of your international project are happy to welcome you at their booth. You can find an overview of the participants here.

Website of the FIT Export Fair: https://exportbeurs-2022.b2match.io/page-2161

PAST EVENTS

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

The Flanders-China Chamber of Commerce, in collaboration with Smart Hub Flemish Brabant and Flanders Investment & Trade, organized the Masterclass: "Understanding China's Healthcare sector". The Chinese healthcare market is experiencing an unprecedented growth that is presenting burgeoning opportunities for Flemish companies. China is now the second largest market in the world for medical devices and pharmaceuticals. China's healthcare service market is also quickly becoming one of the largest in the world.

Fourth session on May 17, 2022: "Funding and Investing"

Ms Gwenn Sonck introduced the topic of the webinar – Funding and Investing. In this webinar you will learn about the range of different investment funds and subsidies, and how they can support you in entering the Chinese market. This will be followed by a practical case.

Mr Koen Van Loo, CEO of the Federal Participation and Investment Corporation talked about three investment vehicles to co-invest in China: the China Belgium Direct Equity Investment Fund (CBDEIF), and two other vehicles that can co-finance a Belgian company that is willing to develop in China. SFPI is the sovereign wealth fund of Belgium, which mainly invests in Belgium, but also has some tools to invest in China. The CBDEIF is targeting ticket sizes of about €3 to €8 million. The Datang-SFPIM Venture Capital Fund is aiming at greenfield and early stage companies where the ticket size is between €500,000 and €3 million. Finally, there is also SFPIM International.

Mr Steven Levecke, Investment Director at Capricorn Partners, introduced the Capricorn Fusion China Fund, one of the funds managed by Capricorn Partners, an independent manager of venture capital and equity funds based in Leuven, managing about €600 million. The Capricorn Fusion China fund is a two-way fund that can invest in European companies that would like to expand in the Chinese or Asian market, but is also open to invest in Asian or Chinese companies that come to Europe and need a local partner.

Ms Caroline Steensels, Teamleader Financial Support at Flanders Investment and Trade, introduced FIT and the financial instruments it is offering to Flemish SMEs, for example to participate in trade fairs or organize prospection trips.

Mr Bertrand Grimmonpré, CFO at Miracor Medical, introduced his company that caters to significant unmet medical needs and for which China is a very important market. He explained how his company made financing deals with Chinese VCs.

Fifth session on May 18, 2022: "Production, Export & Sales in China"

Ms Gwenn Sonck introduced the four speakers of this webinar.

Mr Peter Tanghe, Science & Technology Counselor, Flanders Investment & Trade, Guangzhou, gave a presentation on "China: a market for Flanders Health Tech?". Chinese life sciences companies are ready to cooperate with our companies. The Chinese government has prioritized the healthcare market. China also released a five year plan to develop the bio-economy.

Mr Felix Zhang, General Manager, Televic Asia, introduced his company, which is active in conferencing technology, critical care communication and rail passenger information. It has set up companies in Changzhou and Shanghai. It offers nurse call systems, mainly to private and foreign-invested hospitals.

Mr Herman Raats, Founder & CEO, Shanghai Yumou Industrial Development Company, introduced the company, which is active in the production and sales of medical devices. He explained the several steps required to set up a company in China. The key success factors are persistence and keeping good relations with the local administration.

Mr Su Zeng, Representative, Flanders Brabant Province and POM Antwerp in China, talked about opportunities in Chengdu and Western China. He introduced the Chengdu Tianfu Biotown (TFBT), where western companies could find potential partners. The only National Precise Medical Innovation Center in China was set up in Chengdu. There is financial support to attract Western companies. Mr Su also presented a few case studies.

Companies interested to obtain the full report and recordings can send an e-mail to: info@flanders-china.be

Visit to Huawei Cyber Security Transparency Center – May 24, 2022 at 10:30 AM, Brussels

The Flanders-China Chamber of Commerce and its structural partner Huawei organized a visit to the Huawei Cyber Security Transparency Center in Brussels. Mr Derek Huang, Managing Director, addressed how Huawei is dealing with possible Cyber Security concerns in all transparency. This visit took place on May 24,2022 and was followed by a Chinese walking lunch.

Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, welcomed the visitors.

Mr Derek Huang, Managing Director BELUX of Huawei Technologies, introduced the center's mission and achievements, including Huawei's cyber security practices. This was followed by a visit of the laboratories and dynamic screens tour.

FCCC NEWS

Ms Gwenn Sonck attends celebration of 70th anniversary of the China Council for the Promotion of International Trade (CCPIT)

On May 18, Ms Gwenn Sonck, Executive Director of the Flanders-China Chamber of Commerce (FCCC) and the EU-China Business Association (EUCBA) participated in the celebration of the 70th anniversary of the China Council for the Promotion of International Trade, with which we all worked together for many years. The event took place online. During this important celebration, **President Xi Jinping delivered a major speech and mentioned the following four points:**

1. We need to pull together to defeat Covid-19. The pandemic has been going on unabated. Resurging with ever faster transmission, it is posing a serious threat to the life and health of the people, and taking a heavy toll on the world economy. We must put people and their lives first, actively engage in international cooperation on vaccine R&D, production and distribution, bolster global public health governance, jointly build multiple lines of defense against the virus, and work for a global community of health for all.

2. We need to reinvigorate trade and investment. We need to balance pandemic response and economic development, strengthen macroeconomic policy coordination across countries, and get the global economy out of the woods at an early date. China has put forward a Global Development Initiative, which calls for concerted efforts to advance the UN's 2030 Agenda for Sustainable Development in all respects.

3. We need to unleash the power of innovation in driving development. We should tap into the potential of innovation in spurring growth, jointly step up intellectual property protection, make rules on the basis of extensive participation and consensus building, and foster an open, fair, equitable and non-discriminatory environment for scientific and technological development.

4. We need to improve on global governance. In today's world, the future of all countries is closely linked. Seeking exclusive blocs will only lead the world to division and confrontation. We should uphold true multilateralism, embrace a global governance vision featuring extensive consultation, joint contribution and shared benefits, and mobilize resources from across the world to meet global challenges and advance global development.

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HEALTH

Public transport resumed in Shanghai; Beijing situation still complicated

Business activities and everyday life in Shanghai are expected to return to normal by late June, according to a three-phase plan announced by Vice Mayor Zong Ming. The key task of phase one, which was completed last week, was to continue reducing new infections and preventing rebounds, and to continue reducing the number of people in locked-down and controlled zones. Phase two, from May 22 to May 31, focuses on the city's transition from emergency response to normalized epidemic prevention and control.

From June 1, the city will embark on phase three, which aims to fully normalize daily life and business activities. Four Metro and 273 bus lines in Shanghai restarted operations on May 22 to connect downtown districts, airports, railway stations and hospitals. A negative test within the last 48 hours is required to use public transport. The number of arriving and departing trains is also increasing at Hongqiao and Shanghai railway stations. In some downtown areas, an e-pass is required for vehicles to hit the road, while taxis can be booked for emergency needs. Shanghai's postal and express delivery services are expected to resume full operation by mid-June. The daily average parcel collection and delivery volume in Shanghai has reached more than 4.6 million, one-fifth of the city's normal level. The number of new cases in Shanghai fell to the lowest level since March 20 and there was zero transmission in the community. As of May 20, some 560,000 residents, about 2.2% of the city's 25 million, were still living in high-risk "lockdown zones" – areas which have reported new cases over the past two weeks.

In Beijing, all 670 students and staff of the Fangshan campus of the Beijing Institute of Technology have been transferred to an isolation facility following a Covid-19 outbreak on campus, and 4,979 residents in a community in Beijing's Chaoyang district were transferred to 57 hotels for a seven-day centralized quarantine after 26 confirmed Covid-19 cases were detected in eight buildings since the compound has been locked down on May 12. Beijing is scrambling to contain an Omicron outbreak that has dragged on for almost a month – despite authorities sealing off a number of residential areas, ordering frequent mass testing, closing entertainment venues and imposing other curbs. Neighboring Tianjin municipality reported 68 new cases probably related to imported cold chain food. Prof. Li Daokui from Tsinghua University said more should be done to stabilize the economy as this also means protecting lives. Beijing reported 63 new infections on May 23, bringing the total in the latest outbreak to 1,556. Judging by the current situation, Beijing's epidemic can be curbed in about two to four weeks, experts said.

China has adjusted its pre-departure requirement for overseas travelers as announcements from multiple Chinese embassies show that some previously required pre-departure tests have been removed, including nucleic acid testing one or two weeks prior to boarding, mandatory health monitoring and IgM antibody testing. Under the newly adjusted rules, people traveling to China will only be required to complete two nucleic acid tests within 48 hours and one antigen test within 12 hours before boarding. Those who test negative will be given a health code and allowed to board the plane. There will be no additional requirements for those who have recovered from infections.

The single-dose Covid-19 vaccine developed by China's CanSino Biologics received an emergency use authorization from the World Health Organization (WHO). The adenovirus vector vaccine Convidecia is the 11th worldwide and the third in China to receive the clearance. The vaccine has been found to be 92% effective against severe Covid-19 and 64% effective in preventing people from getting symptoms of the disease. WHO authorization is a prerequisite for vaccine makers to provide supplies to the COVAX program that distributes vaccines to low and middle-income countries.

Premier Li Keqiang has pledged to extend stronger support to foreign businesses in China to solve disruptions in their operations caused by Covid-19 outbreaks, saying that the nation remains committed to making itself a top destination for foreign investment. Li said the government will come up with solutions to the problems faced by foreign businesses and provide them with better services as the pandemic continues to disrupt industrial, supply and logistics chains.

Several major European airlines have warned that they will not be able to add more flights to Hong Kong if the city's Covid-19 restrictions remain while the rest of the world opens up rapidly from the pandemic. They said they were more likely to fly to places with fewer or no restrictions, including allowing aircrew to move about freely during layovers. Industry leaders also warned that the city could take years to regain its status as an aviation hub, while rival Singapore stood to gain after relaxing its restrictions for travelers. Although Hong Kong eased some restrictions on May 1, the industry remained unhappy with the seven-day compulsory quarantine for all arrivals. With Singapore and Bangkok now easier for travelers to transit through, airlines were shifting demand away from Hong Kong to those hubs. Hong Kong International Airport handled only 126,000 passengers last month, compared with 6.49 million in April 2019.

Despite the impact of the Covid-19 pandemic, Guangdong province saw 230 international freight trains depart for overseas destinations in the first four months of this year, demonstrating a strong rebound in the southern province's foreign trade and economy. The figure represented a year-on-year growth of 91.6%, statistics from Guangdong Customs revealed. The growing number of freight trains that set out mainly from prosperous Pearl River Delta cities in the province headed to destinations in central Europe, central Asia and Southeast Asia.

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

FOREIGN INVESTMENT

U.S. firms remain committed to the Chinese market despite political tensions

U.S. companies remain committed to the Chinese market despite diplomatic tensions, with 83% of the firms surveyed not considering relocating manufacturing or sourcing outside of China, according to an annual white paper released by the American Chamber of Commerce in China (AmCham China). AmCham called for both governments to adhere to globally accepted trading rules, support the existing multilateral trade regime, and avoid protectionist practices, as the years-long China-U.S. tariffs war continues to affect the two countries' business communities. About 58% of the U.S. companies surveyed report being directly affected by the China-U.S. relationship. About 42% of the U.S. companies surveyed reported China's growth in domestic consumption and the rise of its growing, affluent middle class as a top business opportunity. The country's decision to build a unified national market characterized by a market-oriented, international business environment ruled by laws would bring more benefits for U.S. companies, Li Yong, Deputy Chairman of the Expert Committee of the China Association of International Trade, a think tank affiliated with the Chinese Ministry of Commerce (MOFCOM), told the Global Times.

Despite challenges brought by Covid-19 resurgences and global uncertainties, **China's actual use of foreign capital jumped 26.1% year-on-year to USD74.47 billion in the first four months of 2022**, while investment from the U.S. surged 53.2% year-on-year. The National Development and Reform Commission (NDRC) said that the country is amending its catalogue of encouraging foreign investment to push for a volume increase and structural improvement. In particular, China encourages inbound foreign investment to flow into key sectors like manufacturing and producer services, and to key areas including the central and western regions and Northeast China, it said.

However, **AmCham China said that U.S. companies continue to face challenges in the Chinese market** due to rising tensions in China-U.S. relations and issues in China's market conditions. The report contained complaints about a level playing field for U.S. companies, including "discriminatory economic policies and insufficient intellectual property protection". But Bai Ming, Deputy Director of the International Market Research Institute at the Chinese Academy of International Trade and Economic Cooperation, said China's business climate was constantly improving. "Some politicians and businesses in the U.S. are hyping hostility toward China by exaggerating slight concerns so as to pressure U.S. companies to withdraw from China," Bai told the Global Times, noting that it's not only an economic problem.

While U.S. President Joe Biden is under mounting inflation pressure to remove additional tariffs on imported Chinese goods, the U.S. is moving to worsen bilateral relations by threatening to delist dozens of Chinese companies. Qin Gang, China's Ambassador to the U.S., recently noted that since former U.S. president Donald Trump launched a trade war against China, the tariffs have cost U.S. corporations more than USD1.7 trillion and increased American households' spending by USD1,300 each year. During the same period, the tariffs also caused the loss of over 240,000 jobs in the U.S. "We remain opposed to any effort at outright decoupling of the U.S.-China relationship. The costs of decoupling from losing trade and foreign investment benefits for both countries would be significant and are unlikely to generate clear winners," the report says, as reported by the Global Times.

Regarding its priority for 2022, AmCham China said it will encourage action-based engagement between the U.S. and China to create substantive and mutually beneficial initiatives and solutions on an issue-by-issue basis, and it will support both sides to enrich cooperation and exchanges in areas of global and bilateral importance. The white paper revealed that 58% of AmCham members have already lowered revenue projections for 2022 in China and 61% have experienced supply chain disruptions due to transportation and shipping issues, the China Daily adds.

REAL ESTATE

Policy relaxation and better financial structure are key to real estate recovery

A total of 36 Chinese cities introduced policies to support the property market in the first 15 days of May, according to incomplete statistics, indicative of policy relaxation to shore up home sales. But analysts said that the downturn in real estate is significant, and it can only be solved by addressing the sector's financial structure and curbing the pandemic.

A total of 20 cities in China have moved to cut their mortgage rates to as low as 4.4%. First-, second- and even third-tier cities were among the 20, including Guangzhou, Shenzhen, Tianjin, Jinan and Fuyang. The lower rates will significantly reduce the monthly housing loans payback costs of home buyers. For example, on a CNY1 million loan with 30 years of equal principal and interest repayments, the monthly payment will be reduced by CNY484 in Guangzhou. Among 70 large- and medium-sized cities, 47 reported a month-on-month decrease in new house prices in April. Prices of commercial houses in first-tier cities saw a slight increase of 0.2% month-on-month. But prices in second- and third-tier cities fell in varying degrees. The 31 second-tier cities tracked by the NBS reported a dip of 0.1% on average in new home prices in April, but up 1.0% from a year ago. In 35 third-tier cities, new home prices slipped 0.6% month-on-month and 1.5% year-on-year.

China recorded a sharp annual drop in home sales from January to April. Commercial home sales stood at CNY3.78 trillion, down 29.5% year-on-year, with residential housing sales down 32.2%, according to the National Bureau of Statistics (NBS). Investment in real estate development also went down by 2.7% year-on-year. "We can see that real estate investment did not slow down much, but sales are declining, as supply exceeds demand. The sector will face fierce competition in the short term, and housing prices may show a downward trend in the medium term," Pan Helin, Director of the Research Center for Digital Economics and Financial Innovation affiliated with Zhejiang University's International Business School, told the Global Times. He said that even with policy relaxation or government supportive measures, downward pressure in the real estate industry is significant. China's central bank and banking regulator cut the mortgage rate for first-time house buyers by 20 basis points off the benchmark loan prime rate (LPR) on May 16. This policy will enable local mortgage rates to be as low as 4.4%, which is very favorable, Yan Yuejin, Research Director at the Shanghai-based E-house China R&D Institute, said. Many cities have released supportive measures to boost property sales. One of the latest examples is Langfang, in Hebei province, where the interest rate on first-home mortgages from some banks dropped from 5% to as low as 4.6%, which is the same as the LPR rate for five and more years. Langfang is only 30 kilometers away from Beijing Daxing International Airport. In Changsha, Hunan province, a home bought and used for rental will not be included in the calculation of family housing units. Residents there buying a second home cannot enjoy favorable rates.

Some analysts said that risk prevention in the real estate industry should be put higher on the agenda. The most critical task is to optimize the credit structure. The new measures will not have a big effect in the second quarter, Tian Yun, former Vice Director of the Beijing Economic Operation Association, told the Global Times. "After all, supply chains across the country have not been fully restored. Under the current situation, the demand to buy a house will not be increased by the reduction of mortgage rates. But if the economy recovers significantly in the next two months, demand will pick up significantly in the third and fourth quarters," Tian said.

Agencies expect sales to pick up after June. "The contribution of real estate and related industries, such as furniture and home appliances manufacturing, to China's GDP is more than 20%. But real estate's share of the national economy fell from the second quarter in 2021," Tian said. "The declining contribution of real estate to GDP growth was partly replaced by exports, partly offset by the upgrading of domestic middle- and high-end industries, and by changes in the consumption structure," Tian added, as reported by the Global Times.

Since the beginning of this year, property policies have been optimized over 200 times in more than 100 Chinese cities. The trend had become very pronounced in April, data from the China Index Academy showed. Following nationwide adjustments to home loan interest rates, more local governments are expected to come up with new measures to lower the cost of rational home buying, create better conditions for stimulating market transactions and boost reasonable demand, said Chen Wenjing, Deputy Director of Research at the China Index Academy. Investment in China's property development edged down 2.7% year-on-year to CNY3.9 trillion in the first four months. Investment in residential buildings fell 2.1% year-on-year to about CNY2.95 trillion, the China Daily adds.

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CHINA NEWS ROUND-UP

China's special envoy to go to Brussels to improve relations with the EU

China is dispatching Wu Hongbo, Special Representative for Europe, to Brussels this week, to discuss the fallout from last month's virtual EU-China summit and to shore up troubled ties with the European Union. EU Commissioner for Foreign Affairs Josep Borrell described the Summit as "a dialogue of the deaf". "China wanted to set aside our differences on Ukraine, they didn't want to talk about Ukraine. They didn't want to talk about human rights and other stuff and instead focus on positive things," Borrell said during a fiery debate on China in the European Parliament in Strasbourg. In the six weeks since the most recent summit, EU officials have been unable to nail down a date for their biennial High-Level Trade and Economic Dialogue with China. A commitment to maintaining the dialogue, which last took place in 2020, was one of the few deliverables from the Summit and was earmarked to be held before the end of June.The EU has proposed dates, but China has so far not responded.

China has yet to name a replacement for Zhang Ming, the former Ambassador to the EU who left five months ago to take the reins of the Shanghai Cooperation Organization (SCO). But it has stepped up virtual engagement in recent weeks with a number of high-level calls between President Xi Jinping and European counterparts. Wu's visit follows a lengthy tour of Central and Eastern Europe by Huo Yuzhen, Beijing's Special Envoy for that region, who visited the Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Estonia, Latvia and Poland. China's Climate Envoy Xie Zhenhua is also planning to visit Europe later this month.

In early May the EU signed a Group of Seven statement that roundly condemned China on everything from human rights and the crackdown on the political opposition in Hong Kong, to "cyber-enabled intellectual property theft" and "coercive economic policies".

Chinese car brands report rising popularity

Chinese vehicle brands are reporting rising popularity among local customers, primarily driven by their quick response to market demands and their leading position in the new energy vehicle (NEV) segment. Last month, sales of sedans, SUVs and MPVs from Chinese carmakers totaled 551,000 units. Despite a 23.3% fall from the same month in 2021, which was the result of recent Covid-19 outbreaks, **their market share moved up to 57%**, 8.5 percentage points more from March and 14.9 percentage points more than in April 2021, according to the China Association of Automobile Manufacturers (CAAM). Local carmakers have seen fewer disruptions to production than major international brands including Volkswagen and Toyota, which have plants in hard-hit cities including Shanghai and Changchun, Jilin province.

But **Chinese brands had already seen a rise in their market share in the first four months of this year.** They delivered 3.1 million units from January to April, accounting for 47.6% of the Chinese vehicle market, up 6 percentage points from the same period last year. The rising trend was more apparent in the SUV segment. Of the top 10 best-selling SUVs in April, nine were from local Chinese brands ranging from BYD and Great Wall Motors to Geely and Chery. The only international brand that made it into the top 10 was the Wildlander from GAC Toyota. Its sales stood at 8,274 units, ranking No 9, lagging far behind BYD's Song Plus, whose deliveries reached 25,108 for the month.

Edward Wang, Managing Director of syndicated research at J.D. Power China, said over the past few years, local Chinese brands are responding faster to market demands in terms of electric vehicles and smart functions. "Such innovation is injecting momentum into Chinese brands in a rapid, effective and continuous way," said Wang. A J.D. Power survey showed that 53% of respondents would choose Chinese brands, and 67% of those who currently drive Chinese vehicles said they would choose Chinese brands again. The poll was conducted in March in 70 major cities among 11,340 respondents who said they would like to purchase vehicles in the next six months. The survey also found that those born after 1995 were more inclined to choose Chinese brands as they have more confidence and pride in their country. In terms of vehicles, they give top priority to smart functions and beautiful designs. Of the major elements that affect their vehicle purchase decision, the top one was "whether the car is good-looking", said J.D. Power.

Also, the popularity of NEVs is helping expand the share of local Chinese brands. A total of 312,000 NEVs were produced and 299,000 were sold in April, up 43.9% and 44.6% year-on-year, respectively, although the overall market went down more than 46% from the same month last year. Currently, the absolute majority of NEV models available in the market are from Chinese carmakers. Chinese NEV maker BYD sold 105,475 units in April, up 136.5% year-on-year. It was the only carmaker to see growth in the Chinese market last month, the China Daily reports.

Camping equipment becoming popular

As people can't make long-distance trips due to Covid controls, picnics and camping in parks have become more popular since the Labor Day holidays. Searches for “camping” hit a record high on online travel platform Ctrip on the first day of the Labor Day holiday, up 90% week-on-week. Bookings for camping trips placed on online travel platform Fliggy recorded a month-on-month surge of more than 350% during the five-day break. According to market research company iiMedia Research, the market size of China’s camping sector jumped 78% year-on-year to CNY29.9 billion in 2021. The figure is estimated to hit CNY35.46 billion this year. Wu Ruoshan, Researcher with the Tourism Research Center of the Chinese Academy of Social Sciences (CASS), said that due to Covid-19 uncertainties and restrictions, in-depth, quality tours of local attractions became the mainstream during the Labor Day holiday. There was a notable trend of big city dwellers traveling to nearby suburbs and villages. Another reason behind the camping craze is that widely used social media platforms such as Tik-Tok and Xiaohongshu have driven up the popularity of campsites, Shen Aixiang, Founder and CEO of homestay management solutions provider Smart Order said.

The camping boom has fueled the growth of related industries. Figures from corporate information provider Tianyancha show that **the number of camping-related companies in China has grown rapidly over the past five years.** More than 9,100 new ones registered in 2020 and over 20,000 registered in 2021. Since January 1, more than 7,000 camping-related companies have been set up. Online travel agencies have launched campaigns and products to tap into the potential bonanza. Ctrip released rankings of campsites based on indicators such as facilities, safety and the density of tents. Mafengwo hosted a livestream competition among campers that gave out awards based on the performance of their livestream sessions. Tuniu introduced short-haul camping trips such as a two-day camping getaway to the Huanghuacheng Lakeside Great Wall Reserve in Beijing’s Huairou district.

But the camping boom also comes with problems such as environmental pollution, safety hazards and increased pressure on camping businesses. “The concept of ‘traceless camping’ has yet to be popularized,” Shen Wei, a seasoned outdoor enthusiast from Chengdu, said. “This concept requires campers to make plans in advance, choose a campground that is strong enough for camping activities, properly dispose of trash, and minimize their effect on the environment. Many campers like to cook food on an open fire, which could pose a fire hazard. Camping-related businesses are also facing problems, such as fast-changing consumer demands and the rising cost of raw materials for making tents, the China Daily reports.

As in several cities parts of the metro and bus network have been shut down, sales of bicycles have also soared. In one shop in the South of Beijing, sales increased by 30%.

Pressure on digital sector easing as CCPIT holds meeting

China's parliamentary advisory body, the Chinese People's Political Consultative Conference National Committee has held a meeting on promoting the digital sector. Top officials, including Vice Premier Liu He and CPPCC Chairman Wang Yang, met Big Tech leaders to encourage them to play a constructive role in the national economy, sending a signal of support to the Chinese tech sector after 18 months of regulatory crackdowns. The CPPCC held a special symposium on May 17 to promote the digital economy. Liu said the government will support the healthy development of the platform economy and private firms, while supporting digital enterprises in going public on domestic and overseas capital markets. Wang said the government will strengthen confidence in the sector, taking into account industry development needs and security, and will boost the development of the digital economy. Baidu Chairman Robin Li and Qihoo 360 CEO Zhou Hongyi, along with around 100 other members of the CPPCC, attended the meeting. “We need to give full play to the advantages of our national system and large market size, strengthen key and core technology development and research, and firmly grasp the autonomy of the development of the digital economy,” CCTV reported.

The “special consultation session” was to help the “sustainable and healthy” growth of the digital economy, but no details of the plan were published. Hopes are high that Beijing will ease its control of the digital economy after an 18-month crackdown amid a slowing economy. A Politburo meeting at the end of April also revealed positive signs for internet companies. The recent signals are good for both capital markets and technology platforms, according to Zhang Yi, Chief Analyst with Guangzhou-based iiMedia Research. “It’s beneficial for the transformation and upgrade of China’s economy. Traditional industries will be on the track of digitalization with the help of 5G, as part of the digital economy,” Zhang said. Tech stocks in Hong Kong soared on the news.

A team led by Gao Yunlong, Vice Chairman of the CPPCC, conducted research via video conference and on-the-ground meetings in eastern Zhejiang province and Beijing to prepare for the meeting. Other Chinese tech executives who are also CPPCC members include NetEase Founder William Ding and Xiaomi Founder Lei Jun.

In related news, a growing number of Chinese chip design firms have adopted open-source RISC-V in their chip designs as an alternative to Intel’s proprietary X86 and Arm’s architecture, in a bid to minimize potential damage from U.S. sanctions and to save on licensing fees. Of the 20 premier members of RISC-V International, half are Chinese, including Huawei Technologies and Alibaba Cloud. “This gives Chinese companies access to a global open standard instruction set architecture (ISA) ecosystem,” said Stewart Randall, head of electronics and embedded software at consultancy Intralink. “So Chinese companies can have access to, and create, their own cores or chips based on it”, the South China Morning Post reports.

Innovation in medical industry to play bigger role globally, says Lee Kai-Fu

China's medical industry is expected to play a bigger role globally in innovation with increasing applications of cutting-edge technologies like artificial intelligence and automation, especially when the sector has become hot for investment amid the Covid-19 pandemic, said renowned Chinese investor Lee Kai-Fu. "Life science and other medical sectors, which used to take a long term to grow, have been accelerated in their development amid the pandemic. With the help of AI and automation, they are reshaped and upgraded to be more intelligent and digitalized," said Lee, who is also Chairman and CEO of venture capital firm Sinovation Ventures. Lee described the change as an era of medical plus X, which mainly refers to the increasing integration of forefront tech into the medical industry, for instance, in sectors including auxiliary drug development, precise diagnosis, individualized treatment and surgical robots.

He said that the industry is getting extremely hot for investment due to the pandemic, but is now squeezing out bubbles to enter a more rational period. "China will likely enjoy a leap in such an era and lead global innovations in life science for the next two decades, mainly thanks to the country's excellent talent pool, opportunities from big data and a unified domestic market, as well as the government's great efforts in driving new technologies," he said. The medical and healthcare sector continues to rank among the top three most popular industries for investment, and also ranks first in the number of companies that successfully exit after an initial public offering (IPO) in the first quarter of this year, according to Zero2IPO Research.

"It showed that the medical and healthcare sector has become one of the few spotlights for investors this year and has investment value in the long term," said Wu Kai, Partner of Sinovation Ventures. The industry is no longer limited to traditional vertical sectors such as biomedicine, medical devices and services, and is embracing the integration of more technological breakthroughs.

Taking vaccine research and development as an example, it took 20 months for the severe acute respiratory syndrome (SARS) vaccine to enter clinical trials after the discovery of the virus in 2003, while it took only 65 days for the Covid-19 vaccine. Alex Zhavoronkov, Founder and CEO of Insilico Medicine, a startup that uses AI to develop new drugs, said that it is not a question of whether China will become a powerhouse in AI-driven drug development. "The only question left is 'when that will happen?'. China indeed has a complete support system for startups and big-name pharmaceutical companies to make good use of AI technology to develop new drugs," he said, as reported by the China Daily.

U.S. and EU to jointly set tech standards to counter China

After two days of intensive talks in Paris, the EU and U.S. vowed to step up efforts to set the rules of the road for cutting-edge technology, in order to counter the rising influence of China and other "non-market economies". Speaking to reporters after the second meeting of the Trade and Technology Council (TTC), U.S. Commerce Secretary Gina Raimondo said the U.S. and EU "work together to align our technology standards in a way that's consistent with our democratic values. If non-market economies control international standard-setting bodies, it's a very powerful way to block out the U.S. and the EU. So we are going to work together to make sure we show up at the standard-setting bodies," Raimondo said. The West has long been concerned about losing the fight on standardization for hi-tech products, which can be lucrative but also strategically crucial given the rapid pace of technological development.

Whoever leads in advanced tech sectors like artificial intelligence, quantum computing, 5G, 6G and beyond will rule the world, and transatlantic officials see the signing of a specific agreement on standards in Paris as a first step to wresting back some control from China on this front. **A 47-page joint statement** released following the forum's conclusion is replete with language about the need to counter autocratic countries' efforts to use technology to "implement authoritarian policies, perpetrate human rights violations and abuses, engage in other forms of repression, and undermine the security of other nations".

Raimondo, along with U.S. Trade Representative Katherine Tai and EU counterparts Trade Commissioner Valdis Dombrovskis, Competition Commissioner Margrethe Vestager, **set up a Strategic Standardization Information mechanism**, seen as the launchpad for collaboration on standards. The first area of focus will be electric vehicle charging infrastructure, which an EU official said would be the "first concrete deliverable" in the initiative. "This will take shape in the next year and will be a game changer," the official said. The U.S. and the EU also plan to discuss weaning the West off Chinese solar panels and rare earth magnets, the South China Morning Post reports.

China's April economic data down on Omicron impact

As the effects of Omicron on the economy further intensified, weighing down on April industrial production, retail sales and investment, an official with the National Bureau of Statistics (NBS) said there are signs of improvement in May and **growth in the second quarter is expected to remain stable**. GDP growth is expected to be around 4% in the second quarter, but as recovery is expected to further gain pace in June and the third quarter, the economy still has the chance of achieving an annual growth target of around 5.5%. Industrial production contracted by 2.9% year-on-year in April, down from a growth of 5% in March and retail sales shrank by more than 11%, according to the NBS. Both figures were lower than market expectations, reflecting the epidemic's weight on the economy.

Fixed-asset investment saw a year-on-year increase of 6.8% in the first four months, down 2.5 percentage points compared with the first quarter. However, despite the epidemic dealt a blow to the economy in April, the effects are "short-term and external," and the Chinese economy's fundamentals remain positive and the trend of high-quality development remains unchanged, according to Fu Linghui, Spokesperson for the NBS. Fu said the domestic Covid situation has eased since mid-April and the economy is expected to see improved performance, noting that Shanghai and Jilin province were already in the process of resuming work and production and putting economic activity back on track. Cao Heping, Economist from Peking University, told the Global Times the downward pressure China faced in April is the most serious challenge since the first quarter of 2020, when the Covid-19 outbreak first hit Wuhan. Analysts said the epidemic in Shanghai could have taken away half of the city's GDP in April, and factoring in the ripple effects across the surrounding Yangtze River Delta, the drag on the national economy could reach 0.2 percentage points in April. With static management lasting through April, the current round of the epidemic could have undercut the country's annual GDP growth by 0.4 percentage points, Cao said.

As Shanghai is resuming work and production, up to 60% of the negative impact could be reversed if things go well, reducing the drag on the national GDP to around 0.2 percentage points, Cao said. Growth in the energy and basic industries was unable to offset a marked slowdown in manufacturing, which was hit hard in April featuring a sharp decrease in the auto sector, among others, according to the NBS. Industrial production in the Yangtze River Delta was down 14.1% in April due to the Omicron surge in Shanghai, home to the country's largest automaker SAIC Motor and the figure for the Northeastern part of the country dropped by 16.9% because of the outbreak in Jilin province, a car manufacturing hub. On the bright side, the added industrial value of high-tech manufacturing grew 4% in April while investment in the high-tech sector grew by 22% in the first four months, the Global Times reports.

China's retail sales continued contracting in April due to the greater-than-expected impact of new Covid-19 flare-ups in several major urban hubs. Retail sales fell 11.1% year-on-year to CNY2.95 trillion in April. From January to April, retail sales dropped 0.2% year-on-year to CNY13.81 trillion. Online sales increased 3.3% during the period. Online sales of physical goods reached CNY3.29 trillion, accounting for 23.8% of total retail sales. Overall, the impact on domestic economic activity is likely to be short-term, with the fundamentals for steady and long-term growth unchanged, and the trend of high-quality development intact, Fu Linghui, Spokesperson from the NBS, said.

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