China Business Weekly

14 June 2022

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 is organized with the support of Flanders Investment and Trade. It 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 – 09h30 CEST

The Flanders-China Chamber of Commerce and the EU-China Business Association, with the support of Flanders Investment and Trade, 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

09:30 – 09:35 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**

09:35 - 09:40 Speech by **Vice-Mayor of Weihai, Mrs Yang Li**

09:40 - 09:45 Speech by Mr Kurt Vandeputte, Chairman, Flanders-China Chamber of Commerce

09:45 – 10:05 Presentation of Weihai and Interview on the Weihai industrial and investment environment with **Mr Chen Hui, Chief Representative of Weihai in the EU**

10:05 – 10:25 Experiences of Bekaert of investing in Weihai: **Mr Adam Touhig, Senior Vice President RR Asia, Bekaert**

10:25 – 10:45 Experiences of Marquardt of investing in Weihai: **Mr Berthold Arends, General Manager, Marquardt Switches Weihai.**

10:45 - 11h00: Question and answer session

Practical information:

Date: 16.06.2022

Location: Online

Price members: Free

Price non members: Free

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Seminar: "Win in China: Doing business with a changing China"
22 June 2022, 10h30 – 11h15

During the Flanders Investment and Trade Export Fair, the Flanders-China Chamber of Commerce, with the support of Flanders Investment and Trade, is organizing a seminar focused on 'Win in China: Doing business with a changing China'.This seminar will take place on June 22, 2022 at 10h30.

Mr. Bo Ji, Chief Representative for Europe and Assistant Dean of China's top business school, Cheung Kong Graduate School of Business, will deliver the keynote speech. During the seminar, Professor Ji will share his perspective on how to be successful on the Chinese market. He will be tackling the opportunities and issues facing companies as they look to expand their businesses into China. Focusing on China as the land of opportunity, Professor Ji will also shed light on this diverse and complex market and how business leaders can change the mindset to engage successfully with China.

The programme is as follows:

Welcome by **Mrs. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce**

Keynote speech by **Mr. Bo Ji, Chief Representative for Europe and Assistant Dean of China's top business school, Cheung Kong Graduate School of Business.**

Practical Information:

Date and time: 22 June 2022, 10h30 - 11h15

Location: Online

Participation: Free

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Webinar: European Business in China Business Confidence Survey 2022 Tuesday, 28 June, 09h00 CEST

The EU-China Business Association, the European Union Chamber of Commerce in China and the Flanders-China Chamber of Commerce, with the support of Flanders Investment and Trade, are organizing a webinar focused on the results of the annual **Business Confidence Survey 2022** of European Business in China. The survey was conducted by the European Union Chamber of Commerce in China.

Throughout 2021, the story of European business in China was one of high risks and high rewards. Revenue and profitability were positive but doing business in China also became more difficult for most companies.

As the rest of the world returns to a pre-pandemic level of normality – with few restrictions hampering business operations and travel – the role China played over the last two years in bolstering European companies' global revenues looks set to diminish.

At this event, European Chamber Vice President **Bettina Schön-Behanzin** will present the findings of this year's survey.

This webinar will take place on **June 28, 2022** at **09h00 am**

Program:

09h00 – 09h05: Welcome speech by Ms. **Gwenn Sonck**, Executive Director, EU-China Business Association/Flanders-China Chamber of Commerce

09h05 – 09h35: Presentation on the EUCCC Business Confidence Survey 2022 by Ms. **Bettina Schön-Behanzin**, Vice President, European Union Chamber of Commerce in China

09h35 – 09h55: Q&A Session

09h55 – 10h00: Closing remarks by Mr. **Davide Cucino**, Brussels Representative, European Union Chamber of Commerce in China

Practical information:

Date and time: June 28, 2022, 09h00 - 10h00 CEST

Location: Online

Price for members: Free

Price for non-members: Free

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Webinar: What is your best way to market your B2B and B2C sales channels in China? – July 7, 10h00 CEST

The Flanders-China Chamber of Commerce, with the support of Flanders Investment and Trade, is organizing a webinar which focuses on **"What is your best way to market your B2B and B2C sales channels in China?".** This webinar will take place on Thursday, July 7 at 10h00 CEST.

During this webinar you will learn about the alternative Route-to-Markets to China and how to facilitate your sales through the right Digital Marketing approach in both B2B and B2C channels, with an overview of practical business cases from the speakers.

This webinar will take place on **July 7, 2022** at **10h00 am.**

The programme is as follows:

10h00 – 10h05: Welcome speech by **Ms. Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

10h05 – 10h25: Presentation on "Trade Facilitation services and how to unlock your business potential in China" by **Ms. Elena Robakidze**, Business Development Manager at Ahlers

10h25 – 10h45: Presentation on "Media content and digital marketing services in China: Live streaming and social commerce" by **Mr. William August**, CEO of Outlandish Group

10h45 – 11h00: Q&A Session

Practical information:

Date and time: July 7, 2022, 10h00 - 11h00 CEST

Location: Online

Price for members: Free

Price for non-members: Free

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ACTIVITIES SUPPORTED BY FCCC

Visit the Flanders-China Chamber of Commerce at the 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

Ms Gwenn Sonck attends annual meeting of the International Economic Advisory Council of the Mayor of Weihai

Ms Gwenn Sonck, Executive Director of the Flanders-China Chamber of Commerce and the EU-China Business Association, attended **the fifth annual meeting of the International Economic Advisory Council of the Mayor of Weihai** by video link and also delivered a speech. Ms. Sonck is a Member of the Weihai Mayor's Advisory Council and Honorary Citizen of Weihai.

The first “Weihai International Week” is being held between June 12 and 18.

On the occasion of the meeting, two members of the Mayor's Advisory Council were replaced and two additional members were appointed. The new members are Mr. Adam Touhig, Senior Vice President, Bekaert Group,; Mr. Li Tao, Vice President, Philips Greater China; Mr. Junichiro Nakatsuka, President and General Manager of Mitsubishi Corp (China); and Mr. Mark Chien, General Manager of D Group of Foxconn Technology.

MEMBERS' NEWS

Ahlers shares interesting podcast

Ahlers has shared a link to one of its podcasts: [Podcast – 6 myths debunked about doing business in China](#).

If you want to learn more about doing business in China, both offline and online, and what the truth is about some of the myths you might have heard about, then listen to the podcast here. In this episode, we discuss:

* Six myths about the Chinese market
* The potential for Western companies
* The steps they can take to enter the Chinese market

Take control of your route-to-market and strategic decision in how you do business in complex markets. At Ahlers, **we help our customers develop their business in complex markets**. Interested to find out more, reach out to talk to the Ahlers Trade Facilitation experts. https://www.ahlers.com/en/contact

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HEALTH

New surge in Covid-19 cases in Beijing and Shanghai

A few days after the lockdown was lifted in Shanghai and measures relaxed in Beijing allowing for the reopening of restaurants, the number of Covid cases surged again in both cities, leading to mass testing and further restrictions. Beijing reported 166 infections in four days linked to the local bar Heaven Supermarket, located in Sanlitun, Chaoyang district. A total of 4,402 initial close contacts of the bar cluster have been identified and all their PCR tests were negative, but meanwhile cases had spread to 14 of Beijing's 16 districts. Residential communities within 200 meters of the bar were put under lockdown. Chaoyang district ordered all entertainment and fitness venues, and training institutions in basements, to suspend operations. All sporting events were also canceled and the resumption of classes in elementary and middle schools, scheduled on June 13, was postponed.The total number of cases linked to the bar has now increased to 228. China reported 143 new infections nationwide on June 13, with 51 in Beijing.

Shanghai added 10 community infections, increasing the total number of cases outside quarantined areas to 46 since lifting the citywide lockdown on June 1. Shanghai conducted mass nucleic acid testing over the weekend in an effort to curb a resurgence of Covid-19. Residents in most districts were confined to their homes until the tests in their neighborhoods were completed. Many Shanghai residents fear new lockdowns may be imposed and some started stocking up vegetables and daily necessities. The number of residential compounds classified as "medium risk zones" in Shanghai, where people must be confined to their homes for 14 days, rose to 28 on June 10. Shanghai health authorities also asked residents to refrain from visiting crowded areas.

Residents in the city of Erenhot in Inner Mongolia have been asked to stay at home after a new outbreak of Covid-19 with 41 symptomatic and 49 asymptomatic cases detected in three days. The city reported 409 infections in the past nine days and has been placed under strict lockdown. Authorities in Liaoning province are trying to track a string of asymptomatic cases. Since May 24, a total of 141 have been reported in the city of Dandong on the border with North Korea. The city has been under lockdown since late April.

There are signs that having a nucleic acid test will become a routine part of life for most people even after the coronavirus is largely brought under control in a city, as many cities are increasing the number of nucleic acid test sites and optimizing their locations to ensure that the closest test site is within a 15-minute walk. But mass testing should only cover regions at risk of the coronavirus spreading, so as to detect infections early and efficiently while minimizing the impact on people's lives, He Qinghua, an official with the National Health Commission's Bureau of Disease Prevention and Control, said. "Blindly expanding the range of testing should be avoided. In regions that have seen no recent infections and face no risk of imported cases, testing should not become a norm. It is unnecessary for people in low-risk areas and those staying at home for long periods to test frequently," he added.

China's Ministry of Foreign Affairs is simplifying the process for employees of U.S. firms and their family members entering China, the American Chamber of Commerce in China (AmCham China) confirmed. It **will**

remove the requirement to obtain an invitation letter issued by the Foreign Affairs Office before applying for certain types of visas. So far only a handful of Chinese embassies around the world have posted relevant notices on their websites but the policy will soon be rolled out globally. While no longer requiring a PU letter, foreigners would only need a Notification Letter of Foreigner's Work Permit. Foreign nationals applying for business visas (M) will still need a PU letter. It is also expected that more U.S.-to-China flights will soon be approved.

Hong Kong has reported more than 800 Covid-19 cases for a second straight day, while the number of imported infections exceeded 100 for the first time since the start of the pandemic more than two years ago. “There has been a rise in cases recently, and we do not rule out the possibility of further increases in the daily caseload,” said Dr Chuang Shuk-kwan, Director of the Communicable Disease Branch at the Center for Health Protection. “These cases are not concentrated in one particular area, there are cases across the city.”

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

FOREIGN INVESTMENT

New foreign investments announced days after Shanghai lockdown ends

From recruiting more employees to setting up new enterprises, **many foreign companies could not wait to announce plans for increasing investment in Shanghai just days after the Omicron-battered city lifted a two-month lockdown**, as overseas investors continue to show their confidence in and commitment to the Chinese market in spite of external challenges, the Global Times reports. Their move to expand, not cut, investment in China is a vivid testimony of the unswerving appeal of the market to overseas investors, as they see its long-term potential, as well as the advantages of setting up factories in China as being much more important than the “one-time short period shock” of the coronavirus impact, experts said. They also predicted that China's foreign investment inflow will remain positive now that cities like Shanghai and Beijing have basically eliminated Covid-19 infections, and as China rolls out a basket of policies to stimulate economic growth and attract foreign investment.

In the first week after Shanghai announced it was lifting the two-month lockdown, a number of overseas companies announced they will expand investment in Shanghai, in stark contrast to what some overseas media claimed were foreign investors “fleeing” China as a result of strict domestic Covid management measures. Some companies are rushing to roll out recruitment plans in China to replenish talent reserves for their local business. For example, **global semiconductor firm ASML is expanding its team in China this year**, with a target of hiring more than 200 employees. “The impact of the pandemic is temporary, and the importance of the China market and the ongoing positive trend of China's economy remained as before,” the company said in a statement, adding in particular that the recent closed-loop operations, resulting in their employees working and living in factories, is an “unforgettable experience” that would deepen their partnership. Likewise, Tesla rolled out a hiring campaign in late-May, providing dozens of positions for their Shanghai-based research & development innovation center.

Some companies are eyeing expanded investment by opening more stores in China. **Starbucks**, for example, **opened a new shop in Shanghai's Qingpu district**, while the company is also planning to open new stores in mainland cities including Shanghai in the future, CEO of Starbucks China Cai Delin told the Global Times. “We will continue to increase investment in China, and use concrete action to show our confidence and commitment to the Chinese market,” Cai said.

Those companies' moves to expand or prepare for further investment in China are examples of a continued trend recently for overseas investors to ramp up investment in China despite external economic challenges. According to a report by the China Council for the Promotion of International Trade (CCPIT) in late May, **around 90% of the foreign enterprises surveyed maintained or expanded their business scale in China in the first quarter**, while about half of the companies regard China as the world's top investment target. Many companies have set up new branches in China in recent months. French cosmetics firm L'Oreal, for example, set up its first investment subsidiary in Shanghai in May, representing the company's “extremely solid” pledge for the Chinese market.

Foreign direct investment into the Chinese mainland, in actual use, went up 26.1% year-on-year to USD74.47 billion in the first four months of this year, according to the Ministry of Commerce (MOFCOM). Major foreign-funded projects also registered steady expansion in the first four months with government efforts to overcome the impact of the pandemic and actively attract investment. In the January-April period, China saw 185 newly-added major projects, each with foreign investment of over USD100 million, which means 1.5 major foreign-funded projects were launched on average each day, according to MOFCOM.

Experts also predicted that China's inflow of foreign investment will keep up the momentum in the second half of this year because of the advantages of China's anti-epidemic measures, its pledge to stabilize and attract foreign investment, and the implementation of 33 stimulus measures. According to Cao Heping, an economist from Peking University, this round of economic stimulus should release capital amounting to about CNY12 trillion, which will drive investment of over CNY20 trillion and consumption of over CNY30 trillion. In general, Cao predicted that China's economy could grow by about 5% this year, the Global Times reports.

RETAIL

Chinese consumers more careful in spending money

Chinese consumers have become more rational and are carefully reviewing their needs, tending to scrutinize their consumer spending amid the Covid-19 pandemic, according to a report by **global consultancy Accenture**. The pandemic has fundamentally altered Chinese consumers' philosophies of consumption, making them more restrained and pragmatic, said Eric Hor, Managing Director of Accenture Strategy & Consulting Greater China. "In addition to restraining their shopping impulses and reducing unnecessary expenditures, people have begun to conduct in-depth research and thorough comparisons before deciding what to buy, and regard the selection process as an integral part of the consumer experience," he said, adding they are paying more attention to the value of the things they buy.

When making a shopping decision, people tend to care about their own needs and preferences, rather than the perspectives and comments of others, the report stated. However, the needs of family members are still important when it comes to purchasing big-ticket items, such as cars and home appliances. On average, 70% of the interviewees put their families' needs above their own, particularly when budgets are limited. The report said with the rise in living standards and the availability of more services, the Chinese people tend to pursue a better work-life balance and pay for convenience, which has accelerated the growth of online shopping channels. **People are also increasingly willing to spend more on fitness and personal education, and pay a premium for green and environmentally friendly products.** Chinese consumers have a strong desire to try new things, as they are open and positively inclined to use digital technologies, evidenced by their embrace of a variety of intelligent devices ranging from smartphones to smart homes, Hor added.

Companies should not only improve their product quality and customer experience but **also take into account their products' cost-effectiveness**, which requires them to focus on the specific needs of segmented customer groups and scenarios, highlighting the features that consumers care most about, the report added. Also, with consumers now accustomed to comparing products across multiple channels, companies should ramp up efforts in omni-channel marketing and services. Online and offline experiences that complement each other are a key way to impress rational consumers.

According to the National Bureau of Statistics, **retail sales of consumer goods slipped 0.2% year-on-year to CNY13.81 trillion in the first four months.** In April alone, retail sales declined 11.1% year-on-year to CNY2.95 trillion mainly due to the resurgence of domestic Covid-19 cases. Zhang Xun, Managing Director of Accenture Strategy & Consulting Greater China, expected China's consumer market growth to recover this year on the back of more supportive policies from the government to shore up consumption, saying enterprises should constantly innovate to adapt to the changes in the external environment. In addition, consumers in third-tier cities and even smaller ones are more dependent on online channels, and they prefer to buy apparel and accessories, electronic devices, and beauty and skincare products online, according to Accenture.

Zhang said **international brands have not yet established a significant competitive edge in lower-tier cities**, and respondents in lower-tier markets are willing to buy domestic brands because of their outstanding cost-effectiveness. In the long run, fully tapping the consumption potential, and upgrading the channels and services of lower-tier cities and rural areas will remain key to fuel the recovery of consumption in China, the report said. Compared with their peers in first- and second-tier cities, consumers in smaller cities are more willing to spend on everyday commodities and services, with live-streamed shopping highly accepted among consumers in these areas. They also expect to see substantial improvements in the supply and quality of services in medical care and education, the China Daily reports.

CHINA NEWS ROUND-UP

China gaining ground in hi-tech rivalry with U.S.

China has been gaining global market share in hi-tech industries at the expense of the United States, according to a new report by the Information Technology & Innovation Foundation (ITIF). Measured across seven key sectors, China's share of the advanced technology market leapt from less than 4% in 1995 to 21.5% in 2018. The sectors covered in the report include: IT and information services; computer, electronic and optical products; electrical equipment; machinery and equipment; motor vehicle equipment; other transport equipment; and pharmaceutical products. The U.S. saw its market share in the seven sectors decline from 24% in 1995 to 22.5% in 2018, the Washington-based think tank said. Removing IT and other information services, America's relative share of advanced industry production globally fell by nearly 16 percentage points from 96.2% in 1995 to 80.4% in 2018, according to the ITIF's Hamilton Index of Advanced-Industry Performance.

Beijing has funneled huge amounts of money into developing its hi-tech industries to meet Western standards and loosen its dependence on imports, an issue that has gained more urgency amid attempts by Washington to contain China's technological advancement. "We see this tug of war in the fact that there was a strong correlation between the change in the respective shares of global output that China and the United States held in advanced industries from 1995 to 2018," said the report by ITIF, whose board includes representatives from U.S. tech companies such as Meta, Amazon, Google and Intel. "In other words, the more ground China gained in these industries, the more the United States lost."

China's strongest growth was in electrical equipment, where it controls more than a third of the global market. The country also ranked first in car manufacturing in 2018 with 25% of the international market, while the U.S. had the lowest share among the economies profiled in the report. China is also making strides in pharmaceutical production, ranking third behind the U.S. and Germany, the report said. In one of the most competitive categories, China in 2018 surpassed the U.S. to gain the biggest market share in computer, electronic and optical products, which includes semiconductors. It accounted for 25% of the market, while the U.S. at No 2 had about 23% and Korea accounted for 11%. China's weakest sector was in the production of other transport equipment, but Beijing is seeking to change that by **spending billions on the Commercial Aircraft Corporation of China (Comac)**, the developer of the C919, a narrow body passenger jet to compete with Boeing's 737 and Airbus's A320.

China outspends every other country when it comes to supporting industrial policy, according to a separate study by the Center for Strategic and International Studies (CSIS). In 2019, China is estimated to have spent at least 1.73% of GDP to help its industries, more than twice as much as South Korea, the second-largest spender. In dollar terms, China spends more than twice as much as the U.S., the South China Morning Post reports.

BYD becomes world's third most valuable vehicle maker

Chinese new energy vehicle maker BYD has recently replaced Germany's Volkswagen as the world's third most valuable vehicle maker with a market cap of USD142.7 billion. BYD is the only Chinese automaker among the top 10 most valuable peers globally, but it still trails Elon Musk's Tesla and Japan's Toyota. Tesla is worth USD742.5 billion, more than three times the value of Toyota, although the latter's shipments last year were over 10 times Tesla's corresponding total. BYD's growth shows the potential of the global NEV sector, said analysts, and the trend is even more obvious in China, the world's largest market for such vehicles since 2015. **Even in April**, when China's car market slumped to its lowest in a decade, **NEV sales rose 44.6% to total almost 300,000 units**, according to the China Association of Automobile Manufacturers (CAAM).

In the first four months, NEV deliveries in the country totaled 1.56 million, up 110% from the same period a year earlier, accounting for 20% of total vehicle sales in China, said the CAAM. BYD, the largest NEV maker in China, ceased production of conventional gasoline-powered vehicles in March to focus on fully electric and hybrid cars. It sold over 100,000 vehicles in April, up 136% year-on-year, becoming the only major carmaker in China to see sales growth for the month. The momentum continued in May, with 114,183 units delivered, up 152.8% from the same month last year.

Chinese NEV startups also performed well, with four firms delivering over 10,000 units in May. Among them, three saw sales double during the month on a year-on-year basis. They expect the trend to continue, as they are coming out with new models. Li Auto plans to unveil its second model, a full-sized sport utility vehicle (SUV), later this month, and Nio is delivering three new models this year, including the ET7 sedan that is to take on BMW's 7

Series. Toyota launched pre-sales of its first electric SUVs in China in late April, becoming the latest major international brand to enter the country's heated NEV race. Huaxi Securities said vehicles sold in third-tier or smaller cities accounted for 44% of China's total vehicle sales in 2021, yet the figure was 32% in the NEV segment, the China Daily reports.

China's exports surge 16.9% in May

China's exports increased by 16.9% in May to USD308.25 billion, significantly rebounding from the 3.9% growth in April and showing the resilience of China's economy even as new Covid outbreaks were reported. The better-than-expected growth also showed that the country's economic recovery has been picking up amid the waning impact of the pandemic on multiple economic fronts, especially industrial and supply chains. Thanks to the effective control of the coronavirus outbreak and the government's efforts in boosting market supply and demand, the country is confident to sustain the current momentum and inject impetus into the sluggish world economic recovery, experts said. The sharp rebound falls within expectations, as domestic factories have accelerated resumption and logistics have been restored after the latest outbreaks in major cities, including Shanghai and Beijing.

The country's imports rose by 4.1% year-on-year to USD229.49 billion in May, expanding for the first time in three months. China's trade grew 11.1% year-on-year last month, posting a trade surplus of USD78.76 billion, expanding 82.3% year-on-year. "The growing trade surplus adds to encouraging evidence of global reliance on Chinese products, highlighting the irreplaceable role of China in global supply chains," said Bai Ming, Deputy Director of the International Market Research Institute at the Chinese Academy of International Trade and Economic Cooperation.

The Chinese government said more should be done to increase tax-refund support for export companies and expand high-quality product imports, enhance port services including transshipment and customs clearance, and keep international industrial and supply chains stable. China's exports are expected to maintain double-digit growth in June. As the trade surplus widens, the driving force of foreign trade on GDP in the second quarter is expected to increase.

In the first five months, ASEAN remained China's largest trade partner, with trade of CNY2.37 trillion, up 8.1%, accounting for 14.8% of China's total foreign trade volume.

In the first five months, China's exports to the U.S. surged by 12.9% year-on-year to CNY1.51 trillion, while China's imports from the U.S. rose slightly by 2.1% to CNY489.3 billion. During the period, China's trade surplus with the U.S. reached CNY1.02 trillion, up 19% on a yearly basis. Bai Ming said that U.S. restrictions on certain exports to China, such as chips, contributed to its trade gap with China.

China-Russia bilateral trade stood at USD65.81 billion in the first five months, up 28.9% on a yearly basis. In the first five months, China's imports from Russia in U.S. dollar terms grew 46.5% from a year earlier, accelerating from 37.8% in the first four months. But export growth fell from 11.3% in the first four months to 7.2%. In 2021, Russia remained China's top source of energy imports, which totaled CNY334.3 billion, an increase of 47.4%, accounting for 65.3% of China's total imports from Russia. Trade of mechanical and electrical products totaled USD43.4 billion in 2021, rising by 40.7% year-on-year, with China's automobiles, auto parts and mobile phones being popular among Russian consumers. In 2021, bilateral trade stood at USD146.87 billion, a record high. China has been Russia's top trading partner for 12 consecutive years and the two nations have set a goal of reaching USD200 billion in trade by 2024, the Global Times reports.

China's high-speed rail network exceeds 40,000 km

China's high-speed rail network hit the 40,000-kilometer mark by the end of 2021, reaching out to 93% of domestic cities with a population of over 500,000, An Lusheng, Deputy Director of the National Railway Administration, said. This comes as the country ramps up a push to build itself into a transportation power. Over the past decade, the cumulative railway fixed-asset investment has topped CNY7 trillion, with an addition of 52,000 kilometers to the country's railway network. As of the end of last year, the country's railways totaled 150,000 kilometers, including the 40,000 kilometers of high-speed rail. The railway network covers 81% of the country's counties, while high-speed rail services have been accessible to domestic cities with population of over 500,000.

Xu Chengguang, Vice Minister of Transport, revealed plans for major transportation projects, as the country aims to increase infrastructure investment ahead of schedule as part of broad-based efforts to stabilize the economy. Strategically significant projects such as the Sichuan-Tibet railway and its auxiliary road are being built at a quicker pace. Last year, the average daily number of ships entering and leaving domestic ports exceeded 69,000, and about 26,800 flights took off and landed every day across the country. In addition, the country's courier sector handled nearly 300 million parcels on a daily basis, according to Xu. In the peak traveling season, more than 10,000 passenger train trips are made each day on average, while expressways record over 60 million trips, he disclosed, stressing that the data speak volumes about a country on the move that demonstrates its prosperous vitality, the Global Times reports.

From 2012 to the end of last year, China had added about 1.1 million kilometers of railway lines and roads, a distance long enough to circle the equator over 27 times. In the past decade, 82 airports were built, relocated or renovated, bringing the total number of airports in China to 250, said Dong Zhiyi, Deputy Director of the Civil Aviation Administration of China (CAAC). China's aviation network has 5,581 air routes, with more than 3,000 added in the past 10 years, the China Daily adds.

Lithium battery makers expand production

Driven by the surging demand for new energy vehicles and efficient power storage from both global and home markets, China's lithium battery manufacturers are rushing to expand their factory capacities and seeking ways to secure material supplies of lithium carbonate. All the factories of Yichun Gotion Battery Co, a subsidiary of Hefei, Anhui-province based Gotion High-tech Co, are operating at full capacity, and a new plant in Yichun, Jiangxi province, will add another 15 gigawatt-hours of battery production capacity. "We will start to build the second phase of this plant with a designed production capacity of 30 GWh, after putting the first phase into operation in late May," General Manager Zhang Wei said. China is expected to see continued growth momentum in NEVs this year with sales likely to exceed 5 million units. China has been the world's largest NEV market for seven years in a row, with production increasing from 507,000 units in 2016 to 3.52 million last year. The country exported 310,000 units, a year-on-year surge of more than three times.

In the first quarter, the cumulative capacity of power batteries has grown by more than 120% on a yearly basis, said the China Industry Technology Innovation Strategic Alliance For Electric Vehicles. Yang Baofeng, Executive President of Shuangdeng Group Co, a Taizhou, Jiangsu province-based storage battery producer, said China's accelerated development of new infrastructure-related projects, such as 5G communication base stations and data centers, has also boosted demand for lithium batteries in recent years. The company added a new production line with an annual output of 2 GWh to make lithium iron phosphate batteries in February. They are mainly used in the energy storage sector.

The growing demand of overseas markets, in particular Europe, has become another driving force to expand the production of lithium batteries in China. The country's export volume of lithium batteries grew by 53.7% year-on-year between January and March of this year. Ensuring timely delivery has become a pivotal focus of competition among manufacturers throughout China. Since the beginning of this year, more than 30 new construction projects have been launched across China. Their quantity, investment amount and planned production capacity are all higher than those set up in the same period last year, according to the China Industry Technology Innovation Strategic Alliance For Electric Vehicles.

A stable supply of lithium carbonate while expanding production has become a huge challenge for all battery manufacturers, said Ding Rijia, Professor specializing in energy economies at the China University of Mining and Technology in Beijing. However, the price of battery-grade lithium carbonate has fallen in China since April this year, but delivery times and costs of transportation of lithium ore imports have further increased, the China Daily reports.

CPPCC calls for amending the Arbitration Law

Amending the Arbitration Law will advance China's status as an international dispute resolution center, and help align such activities in the country with global practice, said foreign arbitrators and legal experts. They made the remarks after many members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), China's top political advisory body, called for improvements to China's legal system regarding arbitration, noting that revisions should combine China's real-time circumstances with international practice. China's Arbitration Law, which came into force on September 1, 1995, is being discussed by the public after the Ministry of Justice presented a draft revision to the legislation for public consultation on July 30, 2021 in order to update the basic framework and bring it more closely in line with well-recognized international practice.

Mark Feldman, Law Professor at the School of Transnational Law of Peking University and Arbitrator of the Shenzhen Court of International Arbitration in Guangdong province, said many provisions in the draft reflect policy shifts that, if adopted, will help remove existing legal obstacles to China's continued development as an international dispute resolution hub. CPPCC Members suggested that the jurisdiction of China's arbitration authorities should be further expanded to include more disputes such as those involving intellectual property rights, international investment, sports and anti-monopoly cases. Sports-related and international disputes should likewise be fully included within the permissible scope of arbitration. Specialized arbitration rules and panels should be systematically studied and considered by working groups composed of experts from various jurisdictions, said Peter Neumann, Arbitrator of the Shenzhen Court of International Arbitration and Adjunct Professor of Law at California-based Pepperdine University.

China's arbitration system has made outstanding and commendable progress in recent years. In particular, the Supreme People's Court, through various judicial interpretations, policies and reforms, has taken meaningful steps to bring the nation's arbitration and legal systems more closely in line with international practice, Neumann said.

"While the Arbitration Law provides an effective framework for domestic and foreign-related arbitrations where awards are to be enforced in China, supported by decisions of the courts among others, there are some gaps in the Arbitration Law as regards cross-border and international arbitration," said Kim Rooney, Arbitrator of the Shenzhen Court of International Arbitration and a Hong Kong-based barrister. Rooney said that filling these gaps is likely to enhance China's attractiveness to foreign businesses, the China Daily reports.

China's 270 arbitration institutions handled over 415,000 cases in 2021, involving a record of over CNY850 billion. China has become one of the leading countries to use arbitration to resolve civil and commercial disputes, the CCPIT said.

Hong Kong most expensive city for expats third year in a row

Hong Kong has retained its title as the world's most expensive city for expatriates to live in for the third year running, with ECA International – the firm behind the rankings – saying the city's high cost of living combined with tough coronavirus policies have pushed foreign employees to choose Singapore and Dubai instead. **Rounding out the top five in the cost-of-living survey were New York, Geneva, London and Tokyo.** Asian cities accounted for half of this year's top 10 most expensive cities for expatriates. **Shanghai and Guangzhou** were two of the highest-ranked mainland China cities, **in eighth and ninth place** respectively. Seoul was placed No 10. Lee Quane, ECA International's Regional Director for Asia, said: "Although Hong Kong has been less affected by rising global inflation than other regional and global locations in the past year, it nonetheless remains the world's most expensive location."

ECA calculated its own inflation rate based on a basket of everyday goods and services, and found that prices in Hong Kong, driven by fuel costs, had risen by 3% year-on-year as of March, lower than the global average of 5.8%. But the continued strength of the Hong Kong dollar – which is pegged to the U.S. dollar – while other currencies weakened, has contributed to the high cost of living. Hong Kong's official inflation rate stood at 1.6% year-on-year as of April. The biannual survey compared data compiled in March 2021 and March 2022, and took the cost of food, household goods, recreational goods and services, clothing, restaurant visits, alcohol and tobacco into account. The cost of accommodation rentals, utilities and transport was also considered.

Quane noted that rental costs in particular were also rising in Singapore, driven by the number of people relocating or returning home to the city state. But Hong Kong's regional rival kept its place at No 13 despite the significant price increases, including in areas such as utilities and petrol. Hong Kong, meanwhile, had become less attractive for expatriates, he said, adding that the city's management of the coronavirus pandemic had played a pivotal role. While cities such as Singapore had largely lifted travel restrictions and mandatory rules for mask-wearing outdoors, Hong Kong kept tough social-distancing and travel curbs in place. He said the firm was seeing a talent outflow, with Western expatriates either returning to their home countries or going to other destinations. **Singapore and Dubai, in particular, were benefiting from the exodus**, the South China Morning Post reports.

China to open sci-tech sector wider to the world

China will open up its science and technology sector wider to the outside world while continuing the pursuit of indigenous innovation, Minister of Science and Technology Wang Zhigang said. China's sharing of its sci-tech advances contributes immensely to addressing global issues including energy, the environment and coronavirus containment, experts said, while calling for corresponding opening-up moves by other economies. But experts also stressed that the country's sci-tech industry openness ought to be coordinated with its push for tech security. Minister Wang said that China has implemented an open, inclusive, reciprocal and shared strategy for international science and technology cooperation, continuing sci-tech partnerships with 161 countries and regions. The country is promoting innovation along the route of the Belt and Road Initiative (BRI). Additionally, it has joined a fruitful research push globally to tackle climate change, food security and human health, among other issues, the Minister added.

Wang pledged even larger openness as the country stands ready to communicate and cooperate with its peers and strive to make more contributions to global sci-tech advances and sustainable development. In a sign of the openness, 27 research projects from 14 countries have been allocated scientific observation time on the Five-hundred-meter Aperture Spherical Radio Telescope (FAST), known as China's Tianyan or "Sky Eye," Hou Jianguo, President of the Chinese Academy of Sciences (CAS), said. FAST in Guizhou province is the world's largest single-dish and most sensitive radio observatory.

China's research and development (R&D) spending rose to CNY2.79 trillion in 2021, accounting for 2.44% of the country's GDP, compared to CNY1.03 trillion in 2012, or 1.91% of GDP. China took the 12th spot on the World Intellectual Property Organization's annual global innovation index in 2021, up from 34th in 2012. The number of high-tech firms surged to 330,000 last year from 49,000 a decade ago, the Global Times reports.

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