

# China Business Weekly

21 June 2022



## FCCC/EUCBA ACTIVITIES

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

**Seminar**  
**“Win in China: Doing business with a changing China”**  
**22 June 2022 - 10h30**

**Speaker**  
Mr. Bo Ji, Chief Representative for Europe and Assistant Dean, Cheung Kong Graduate School of Business

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

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

[\*\*SUBSCRIBE HERE\*\*](#)

## 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 advice 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

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

The Flanders-China Chamber of Commerce, with the support of Flanders Investment and Trade, organized an exclusive dinner with **H.E. Mr Cao Zhongming, Ambassador of the People's Republic of China in Belgium** at De Warande on June 16, 2022. Following an introduction by Mr. Kurt Vandeputte, Chairman of the Flanders-China Chamber of Commerce, His Excellency Ambassador Cao Zhongming delivered a speech on China's economic perspectives. A walking dinner concluded the event.

A full report will follow next week.

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### **Webinar: “Experiences of Investing in Weihai, Shandong Province” – June 16, 2022**

The Flanders-China Chamber of Commerce and the EU-China Business Association, with the support of Flanders Investment and Trade, organized a webinar on “**Experiences of investing in Weihai, Shandong province**” on June 16, 2022.

A full report will follow next week.

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## NOTICE FROM THE CHINESE EMBASSY

### **Adjusting the procedure and material requirement for applying Chinese visa**

1. To resume personnel exchanges between China and foreign countries in an orderly manner, starting from 17 June 2022, the Chinese Embassy in Belgium will adjust the requirements for visas for work, business, non-commercial visit, and family reunion or visit in China. The updated procedures and material requirements are as follows:

(1) Complete the visa application form online ([https://bio.visaforchina.org/BRU2\\_ZH/](https://bio.visaforchina.org/BRU2_ZH/)), print the form and sign it at the corresponding location for confirmation.

(2) The applicant himself/herself should go to the Chinese Visa Application Service Center in Brussels at the appointed time to submit the application and have the ten fingerprints collected by the Center.

(3) Submit application documents:

- The printed application form completed online;
- The original passport and a copy of the information page;
- Proof of legal stay or residence in Belgium (for eligible third country citizens in Belgium);
- Certificate of COVID-19 vaccination;
- Other materials (see table below)

2. The visas mentioned below are all processed by the Chinese Visa Application Service Center in Brussels. For specific procedures, application requirements, office hours, and fee standards, please consult the visa application center.

Address: No.109 Rue Neerveld, Woluwe Saint-Lambert 1200, Bruxelles

Phone: 0032(0)27750888 Fax: 0032(0)27750880

Email: [brusselscenter@visaforchina.org](mailto:brusselscenter@visaforchina.org)

3. Applicants for diplomatic, official and courtesy visas do not need to make an appointment. They only need to complete the application form online ([https://bio.visaforchina.org/BRU2\\_ZH/](https://bio.visaforchina.org/BRU2_ZH/)), print the application form, and submit application directly to the Chinese Embassy in Belgium.

4. In case of any discrepancy on the requirements of application of the visas mentioned below between this notice and notices previously issued by the Chinese embassy in Belgium, this notice shall prevail.

The original notice was published on June 17, 2002 [here](#)

Types of visa	Applicable situations	Documents required
Z visa	Foreign citizens going to work in China	Valid original "Notification Letter of Foreigner's Work Permit" or "Foreigner's Work Permit"
Q1 visa (Family reunion)  Q2 visa (Short-term family visit)	<p>① Foreign citizens who are family members of Chinese citizen(s)</p> <p>② Foreign citizens who are family members of foreigner(s) with permanent resident status in China</p> <p><u>(Family members only refer to spouses, parents, parents-in-law, sons or daughters, spouses of sons or daughters, brothers, sisters, grandparents, grandsons, granddaughters)</u></p>	<p>① Original certificates of family relationship between applicants and inviters (marriage certificates, birth certificates, family relationship certificates issued by the public security office or police station, or family relationship notarization documents, etc.)</p> <p>② An invitation letter provided by a Chinese citizen or a foreign citizen with Chinese permanent residence permit.</p> <p>③ Photocopy of Chinese ID or foreign passport and permanent residence permit of the inviters.</p> <p><u>For emergency humanitarian visas for attending funerals or visiting critically ill patients in China, photocopies of the ID of the deceased or the patient (e.g.: Chinese ID card or foreigner's passport etc.), death or relevant medical certificates issued by hospitals, certificates of family relationship, etc. are needed.</u></p>
S1 visa (Long-term family visit)  S2 visa (Short-term family visit)	Spouses, parents, sons or daughters under the age of 18, parents-in-law of foreign citizens who come to China for the purpose of the resumption of work and	<p>① Original certificates of family relationship between applicants and inviters (marriage certificates, birth certificates, family relationship notarization documents, etc.)</p> <p>② An invitation letter provided by the inviter</p> <p>③ Photocopy of passport and residence permit of the inviter</p> <p><u>In addition to the above-mentioned</u></p>
	production	<u>documents, if the applicant's adult children and their spouses want to apply for a short-term family visit visa, they must also provide relevant supporting documents following the requirements of Chinese Embassy in Belgium.</u>
M Visa  F Visa	Foreign citizens who are invited to China for commercial and trade activities or for exchanges, visits and other non-commercial activities.	Invitation letter issued by central government and state agencies, provincial commerce departments or provincial foreign affairs office, state-owned enterprises, and departments of foreign affairs of municipal people's governments

## HEALTH

### Production largely restored, but tourism and catering still suffering from Covid control measures in Beijing and Shanghai



**The reopening of restaurants and entertainment venues in Beijing and Shanghai is still hampered by the aftermath of the Covid-19 outbreaks.** All Shanghai districts plan to conduct mass nucleic acid screenings every weekend till the end of July and during sample collection a temporary lockdown will be in effect. In Beijing's Chaoyang district, PCR testing was conducted six days in a row after a cluster of infections emerged at the Heavenly Supermarket bar, which was permanently closed by the authorities. Staff of the bar are under criminal investigation for neglecting anti-epidemic measures. The outbreak at the bar has now been brought under control with only one new Covid-19 case reported in Beijing on June 19.

**The Beijing government has conducted a citywide check of all cultural and entertainment venues** and has revoked several business licenses as 89 hidden risks of epidemic control and prevention were discovered. During the latest outbreak since late April, Beijing's market supervision authority sent warnings to more than 18,000 businesses and imposed fines of CNY2.83 million to those failing to follow epidemic control and prevention procedures.

**Many of Shanghai's restaurants and retail stores remain closed amid sporadic lockdowns.** A total of 47 community infections were found in the two weeks since June 1, when a two-month citywide lockdown formally ended. That caused 40 housing compounds to be reclassified as "medium risk" zones, forcing more than 100,000 residents to be confined to their homes for 14 days. There is no clear-cut time frame for the entire city to completely reopen, as new Covid-cases trigger new lockdowns. Half-opened restaurants, shopping centers and entertainment venues are spoiling the facade of normalcy that Shanghai's authorities are trying to project. "Service providers will not be able to restore their businesses to pre-

lockdown level this month," said Eric Han, Senior Manager at business advisory firm Suolei in Shanghai. "Wary of a resurgence in new cases, local health authorities and market regulators will still limit their capacity to serve customers," the South China Morning Post reports.

While **production in factories and operations in Shanghai's ports is largely restored**, the tourism and catering business is far from recovered. Investments in Shanghai, however, are continuing. Agreements on 322 major industrial projects with a total investment of CNY565.8 billion were signed in Shanghai during the Shanghai Global Investment Promotion Conference last week, of which 90 were in the city's three strategic pillars – integrated circuits, biomedicine, and artificial intelligence. A total of 30 regional headquarters and 10 R&D centers of multinationals were awarded official certificates. By the end of May, there were 848 regional HQs and 512 R&D centers of MNCs in Shanghai.

**Former Finance Minister Lou Jiwei said China needs to fine-tune its zero-Covid rules** to restore investors' confidence and revive economic growth. Unlike in the United States and Europe, inflation is not the main concern for China, which is instead facing "threefold pressure" – namely, a contraction in demand, supply shocks and weaker expectations – Lou said at a virtual forum. "China needs to draw on past experiences and lessons of pandemic prevention and control, further optimize policy responses, while launching reform and opening-up measures to strengthen growth momentum. People think the current method is still not good enough, and, if this problem is not solved, everyone in the private sector will be unwilling to invest," Lou said. Some cities where no new Covid cases have been reported for 14 days have suspended regular PCR testing.

**Chinese researchers say that their home-grown mRNA Covid-19 vaccine AWcorna produces stronger antibodies against the Omicron variant** than the inactivated shots previously used as a booster. Nearly 90% of China's population have been fully vaccinated and about 59% have received a booster shot, but only about 4.8% of the boosted population received a vaccine using a different technology. The AWcorna vaccine was formerly known as ARCoV and is co-developed by Walvax Biotechnology, Suzhou Abogen Biosciences Co and the Academy of Military Medical Sciences. Pfizer-BioNTech's mRNA vaccine has still not been approved for use in China.

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

# FOREIGN INVESTMENT

## China's use of foreign capital jumps 22.6% in first five months



**China's actual use of foreign capital reached USD87.77 billion in the first five months of 2022, up by 22.6% year-on-year**, with investments from South Korea, the U.S. and Germany leading the growth, data from the Ministry of Commerce (MOFCOM) showed. The growth in foreign investment is particularly significant considering various challenges posed by Covid-19 outbreaks in several major cities. From January to May, actual use of foreign funds in the services sector rose 10.8% year-on-year, while high-tech industries saw a 42.7% surge, MOFCOM said in a statement.

**South Korea ranked first, with actual investment in China growing 52.8%, followed by the U.S. with a 27.1% growth and Germany with 21.4%.** By geography, China's central regions saw foreign investment grow by 35.6%, followed by the western regions with 17.9% and the eastern regions with 16.1% growth.

The important point is that China maintained stable economic operations while overseas markets have been going through increasing turbulence, Bai Ming, Deputy Director of the International Market Research Institute at the Chinese Academy of International Trade and Economic Cooperation, told the Global Times. China has stepped up efforts to improve its business environment in recent years, and it has been shortening its negative list for foreign investment and implemented a foreign investment law to expand opening-up and protect the legitimate rights and interests of foreign investment, Bai said.

More than 250 of the world's top 500 companies and

leading enterprises have already registered to participate in the fifth China International Import Expo (CIIE), which is scheduled to be held in November. Far from fleeing the market, many foreign firms are betting more heavily on the market. Japan-based clothing retail chain Uniqlo opened 12 new stores in China on June 3 alone. While most emerging markets saw continuous FDI outflows in recent months, China saw net inflows of USD4.7 billion in May. Market observers noted that given the strong resilience and promising prospects of the Chinese economy, the accelerating inflow of foreign cash into Chinese assets is not a whim, but a long-term trend, the Global Times reports.

China's economic recovery is likely to continue in June, and the momentum is projected to be extended in the second half of 2022 with the help of stronger policy stimulus measures. China's value-added industrial output rose by 0.7% year-on-year in May, compared with a 2.9% decline in April. **Retail sales fell by 6.7% in May on a yearly basis**, narrowing from an 11.1% decline in the previous month. Fixed-asset investment (FAI) rose by 6.2% year-on-year in the January-May period, according to the National Bureau of Statistics (NBS). Tommy Wu, Lead Economist at Oxford Economics, said that consumption remained weak as households remained cautious about Covid infections, with labor market weakness compounding the problem. "Policy stimulus will play a crucial role the second half. Still, it will be difficult for household consumption to recover strongly," he said.

Citing China's relatively low inflation rate, Wang Yuanhong, Deputy Director of the Department of Economic Forecasting at the State Information Center, said that **China has ample room to step up targeted monetary policy support to stabilize growth.** China's producer price index (PPI) increased 6.4% year-on-year in May, marking the slowest rate of growth since March 2021. China's consumer price index (CPI) rose 2.1% year-on-year in May, unchanged from the level in April. Wang of the State Information Center estimated that China's CPI will rise slightly and the growth in PPI will slow in the second half of the year, leaving room for a flexible monetary policy in the coming months, the China Daily adds.

## RETAIL

### Some market sectors boosted by Covid pandemic, including camping



Despite pressure on consumer spending caused by the Covid-19 pandemic, **some market sectors have been given a boost. Such trends include balcony gardening, high-end camping and greater sales of smart home appliances.** Camping in suburban areas has emerged as a bright spot as a result of restrictions on long trips due to pandemic prevention and control measures. Young travelers are eager to take part in camping outings that include barbecues, bonfire parties, fireworks and photography. During the Dragon Boat Festival in early June, rentals of camping equipment more than doubled year-on-year. Use of recreational vehicles (RV) has also become a new trend, according to Qunar, a Beijing-based online travel agency.

**Reservations for RV camping grew 60% year-on-year over the holiday.** The most enthusiastic RV campers were from Guangzhou, Guangdong province; Hangzhou, Zhejiang province; and Chongqing, Qunar said. Young consumers accustomed to going out to eat before the pandemic have shown more interest in cooking. **From January to April, sales of air fryers online surged 206.7%** over the same period last year. The growth in sales was much higher than that of traditional products such as rice cookers, according to All View Cloud, a Beijing-based consultancy specializing in home

appliances. “As a result of the pandemic, some new buying patterns have emerged, and some traditional consumption patterns and habits are gradually changing,” said Li Hongchang, Professor at the School of Economics and Management of Beijing Jiaotong University.

**Downloads of fitness apps have also skyrocketed in China.** People are increasingly keen to keep in shape with online videos or live-streaming sessions even as they stay home more, experts said. The increasing popularity of online fitness is considered a key element in driving the sales of fitness-related equipment. Major sportswear makers such as Under Armour, Puma and Decente have launched online fitness activities to draw in more customers. During the May Day holiday, sales of yoga mats, treadmills and jump ropes surged about 200% year-on-year. Sales of sportswear such as T-shirts, sneakers and workout pants jumped about 140%, according to Suning, a major online shopping platform. Last year, the number of fitness videos available on short-video platform Douyin jumped 134% over the previous year, and the number of those who follow fitness trainers surged 208%, according to a Douyin report.

Meanwhile, **balcony gardening has attracted more attention** from urbanites and has become a way to help alleviate the pressure that has come with the pandemic. “Balcony gardening has continued to develop. Besides providing organic fruits and vegetables, it can help parents educate their children about nature, and participants can also post pictures of their planting methods online and interact with each other,” said Lu Zhipeng, Manager of the flower department at Alibaba’s Tmall. China has thousands of retailers all around the country selling vegetable plants in pots. Their products are growing in popularity, and the market is expected to expand over the next few years, market insiders said. By 2024, annual sales of potted plants are forecast to amount to 399 million, with revenue hitting CNY7.89 billion, according to a report by consultancy Frost and Sullivan. The compound annual growth rate for sales is expected to reach 13% and for revenue, 18.5%, the China Daily reports.

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## CHINA NEWS ROUND-UP

### China launches chip stock index to support investment in the sector

China formally launched the **STAR Chip Index** to track the performances of leading firms in such fields as semiconductor materials and equipment, chip design, and

chip packaging and testing, aiming to attract more capital investment into the increasingly crucial industry. Experts said that the index will further diversify investors' options and actual investment, guiding more capital into the country's up-and-coming integrated circuit industry, which represents an important direction of development set in

multiple national strategic plans. According to the Shanghai Stock Exchange (SSE), up to 50 listed companies with large market capitalizations were selected as the constituents of the index, including Semiconductor Manufacturing International Corp (SMIC), Montage Technology Co and National Silicon Industry Group Co.

**“As another major sub-index of the STAR Market, the rollout of the STAR Chip Index underlines the growing importance of the chip industry for China, especially amid the U.S.’ accelerated tech decoupling push,”** an anonymous capital market insider told the Global Times. The move will offer investors better knowledge of the overall performance of leading Chinese chip companies so that chipmakers can raise funds at a reasonable price to step up research and development (R&D), and expand their businesses, the insider said. “There is no doubt that more capital will flow into the strategically important sector under market forces.” While some Western countries have imposed technological blockades and sought to restrict chip product exports to China, many firms are striving for breakthroughs in various areas. Shanghai-listed silicon carbide substrates producer SICC Co independently developed semi-insulating silicon carbide substrate materials, achieving self-reliance and control of the core material, and effectively ensuring domestic supply to maintain the stable development of the industry chain in China.

Chip-related companies on the STAR Market recorded outstanding growth in 2021, posting year-on-year increases of up to 181% in profit. Their R&D investment expanded 15.4% to CNY17.66 billion, providing strong support for the high-quality development of the industry chain. The U.S. Department of Commerce is considering a ban on U.S. firms selling advanced chipmaking equipment to Chinese companies. China was the largest market for semiconductor equipment for the second time in 2021, with sales expanding 58% year-on-year to USD29.6 billion, the fourth consecutive year of growth, according to industry association SEMI, the Global Times reports.

## Developers withdraw from more land auctions in major cities

**The proportion of plots of land withdrawn in the first round of auctions held between February and June this year in 20 major Chinese cities has increased,** with cash-strapped developers reluctant to spend. The average auction scrapping rate was 17% – up from 6.5% last year – in cities which have finished their first round of land sales, according to the 58 Anjuke Real Estate Research Institute, a Shanghai-based property research firm. Land in 22 major cities in China now only goes on sale three times a year according to a centralized scheme introduced by Beijing early last year. “Developers hesitated to make land purchases like before because, first, they are not sure about the housing market in the short term. Second, most are struggling to repay debt and really do not have much to spend,” said Yan Yuejin, Director of the Shanghai-based E-house China Research and Development Institute.

China’s “three red lines” – measures in place since August 2020 to control the systemic risk posed by weak property developers – have sent the industry into a slump not seen

since the 2015 stock market crash. As a result, **more firms are joining China Evergrande Group and Kaisa Group Holdings on a list of developers failing to repay debt.** Sunac, China’s fourth-largest developer by sales, for instance, failed to repay USD29.5 million in interest on a U.S.-dollar bond and was in default after a 30-day grace period that expired on May 12. It is also in negotiations with its onshore creditors to extend the deadlines for yuan-denominated bond payments. “Many developers are still facing a lot of stress in terms of financing, and from a long-term structural perspective, the high-growth period for housing is probably already over. So demand won’t be as strong as before,” Chen Dong, Pictet Wealth Management’s Director of Asia Macroeconomics Research, said in a recent webinar.

The developers were also only willing to pay slightly higher than reserve prices, with the premium rate at 5%, falling short of the 24% recorded for the first batch last year, 58 Anjuke said. **About 60% of China’s top 100 developers have not bought a single piece of land in the first five months of this year,** according to the China Real Estate Information Corporation (CRIC), one of China’s largest real estate brokers. The total amount spend on land purchases among these developers stood at CNY468 billion in the five months through May, 65% down from that in the same period last year. In recent months, Beijing has rolled out a number of policies to support the sector, while more than 100 municipal governments have eased restrictions on property sales and purchases, lowered down payment ratios and increased the quota of loans for home purchases, the South China Morning Post reports.

## Geely's Founder invests in smartphone maker Meizu

**A company established by Li Shufu, Founder of China’s largest private carmaker Geely, is acquiring a 79.01% stake in domestic smartphone maker Meizu.** The value of the deal remains unknown. Hubei Xingji Shidai Technology Co, set up by Li in September, agreed to purchase stakes from two of Meizu’s shareholders. Li owns an over 57.8% stake in the company, which has a registered capital of CNY715 million, according to Tianyancha, a corporate information provider. Established in 2003, Meizu was once one of China’s best-known smartphone brands but has in recent years lost ground to local rivals including Xiaomi, Oppo and Vivo. “There is a close connection in technologies within intelligent vehicle cockpits and smartphone software technologies,” said Li in a statement. He said smartphones and other mobile devices allow users to enjoy the fruits of innovation “in the quickest manner possible” and can also act as pathways to wider technological applications in vehicles.

Beginning with United States-based Tesla, both electric and gasoline-powered automakers across the world have made big touchscreens a must in their models. Via Bluetooth and 5G, the vehicles’ onboard operating systems now allow drivers and passengers to do on the dashboard displays whatever they can do on their smartphones, from watching videos, making phone calls and playing music. “The major trend in the near future is to create user ecosystems across borders and provide users with a more

convenient, smarter and seamlessly connected multiscreen experience,” Li said. Xingji Shidai, based in Wuhan, Hubei province, won two patents for smartphone design in April, but it does not yet have a specific timetable for product development and launches. The company said it will increase investment in research and development and does not rule out the possibility of acquisitions and joint development.

Geely said Xingji Shidai can make use of the carmaker’s experience in design, R&D, manufacturing, industrial chain integration, smart vehicles, software development and global infrastructure, including its planned low-orbit satellite network. Zhang Xiang, Auto Analyst at the North China University of Technology, said the infotainment content available on dashboard displays and user experiences are becoming key differentiators. “Smartphones and smart vehicles can be part of the same big mobile internet system, so it does make a difference for automakers to explore the smartphone segment,” Zhang said, as reported by the China Daily.

## Siemens Healthineers aims to become local company

**German medical technology company Siemens Healthineers has unveiled its latest localization strategy in China, vowing to be part of China’s thriving healthcare system by becoming a “local” company.** The three core pillars of the strategy include promoting localization of full product lines, furthering innovation based on Chinese market needs, and upgrading local business models, company executives said at a media conference. The company strategy is closely linked with the 14<sup>th</sup> Five Year Plan (2021-25) and the Healthy China initiative, with China also being a “very important location to serve our global customers”, according to Elisabeth Staudinger, Member of the Siemens Healthineers Managing Board and President of its Asia-Pacific business. “The Chinese market is key to Siemens Healthineers, generating great opportunities while possessing its own unique market environment,” she said.

As part of the plan, the company will gradually advance the localization of full product lines, further enrich its product spectrum, and facilitate the transformation and upgrading of the local industrial chain. In the second half of this year, a dual-source CT product and a 5G magnetic resonance product are expected to be officially launched in China, the company said. Some high-end products, such as the high-performance clinical MRI scanner MAGNETOM Vida, are already being manufactured locally.

Its Shanghai Diagnostics plant is scheduled to finish construction by the end of 2022. Its inauguration will mark the company’s first in-vitro diagnostic production base in the Asia-Pacific region. “The localization strategy is a critical measure for Siemens Healthineers to further integrate itself into China’s new development landscape and achieve joint development goals with China,” said Jerry Wang, President of Siemens Healthineers Greater China. The company’s 7T magnetic resonance MAGNETOM Terra has been approved by the National Medical Products Administration (NMPA), becoming the only ultra-high field MRI device with clearance from the

Food and Drug Administration, CE mark and NMPA access in the world.

This year, the Varian Global Innovation Center will open in Beijing. It will establish an integrated cancer diagnosis and treatment platform, focusing on early cancer screening and early diagnosis and treatment, as a world without fear of cancer is built together with local industrial partners. In the future, the company said it will strive to promote the application of large-scale medical devices in all disease fields, while gradually improving industrial ecology. Shanghai and Shenzhen are key manufacturing and export bases for Siemens Healthineers Greater China, said Staudinger. Besides serving the Chinese market, the two factories also export over half of the output of medical devices, the China Daily reports.

## 618 shopping festival shows rebound of consumption

**Major Chinese e-commerce platforms have reported record sales during this year’s just-ended June 18 (618) shopping festival,** shrugging off concerns that consumer demand is faltering amid the continuous impact of the Covid epidemic and a decline in retail trade for three months. Although the growth shows some slowdown according to data from JD.com, and lingering epidemic control measures have caused some problems with deliveries, the promotion, which ran for the past 18 days and concluded on June 19, has become further proof of consumption recovery and growing consumers’ appetite in the world’s second largest economy. Chinese observers are also optimistic about the strong recovery in Chinese consumption triggered by this promotion, and predicted that the Chinese economy will see an upward trend from June with the recent Omicron flare-ups largely brought under control, while GDP growth in the third quarter could be around 6.8%.

**Total sales by JD.com hit a record CNY379.3 billion in the past 18 days,** according to the company. Domestic smartphone brand Honor sold 100,000 handsets in one minute. The “618” shopping festival was proposed by China’s e-commerce firm JD.com to celebrate the company’s founding anniversary, but has now become a nationwide shopping spree with nearly all shops and merchants on- and offline taking the opportunity to boost sales. Other major e-commerce platforms also reported improved sales performances. Suning.com, which has both online and offline stores, told the Global Times that offline stores led the spending recovery during this year’s shopping festival, with sales surging 182% year-on-year. Orders worth more than CNY70,000 saw a 103% year-on-year increase, the company said. Sales data released by Pinduoduo over the weekend showed that the sales of home appliances on the platform had doubled from a year earlier.

The 618 sales festival indicated the national economy has bottomed out with a strong growth momentum, Tian Yun, former Vice Director of the Beijing Economic Operation Association, told the Global Times. If the consumption and export indexes for June, July and August maintain a clear momentum of recovery, Tian believed that China’s economy will see an upward trend from the second quarter

this year, and predicted that the year-on-year GDP growth rate for the third quarter would reach 6.8%.

**Many overseas brands are also enjoying record sales during this year's 618 event.** More than 29,000 overseas brands from 87 countries and regions joined the shopping spree on Alibaba's Tmall, including more than 3,000 new overseas brands. In addition to traditional e-commerce platforms, new innovative players such as live-streaming platform Douyin have also entered the new business arena. From June 1 to 18, the number of merchants participating in the sales festival increased 159% year-on-year, with total live-streaming of more than 40 million hours, the Global Times reports.

## SOEs to invest over CNY10 trillion in “new infrastructure” by 2025

China's state-owned enterprises (SOEs) plan to invest over CNY10 trillion in more than 1,300 “new infrastructure”-related projects across the country during the 14<sup>th</sup> Five Year Plan period (2021-25), injecting new impetus into efforts to sustain economic growth, said senior state-asset regulators. Unlike traditional infrastructure such as railways, roads and water conservancy, the concept of “new infrastructure” refers to critical facilities based on information technologies like 5G, artificial intelligence (AI), the industrial internet and the internet of things (IoT). SOEs will accelerate the pace of reform and innovation, and focus on areas such as industrial security, national economy, people's livelihood and public services to promote the transformation and development of traditional sectors. They will also bolster the growth of emerging industries, said Peng Huagang, Secretary General of the State-owned Assets Supervision and Administration Commission (SASAC).

More than 700 subsidiaries of nearly 70 centrally administered SOEs have expanded their activities in the field of “new infrastructure”-related businesses, with an investment of more than CNY400 billion in 2021. Addressing a news conference in Beijing, Peng said that backed by China's structural adjustment funds and innovation funds for SOEs, state-owned companies' investment in emerging industries grew from less than CNY700 billion in 2017 to more than CNY1.3 trillion in 2021, with an average annual growth rate of more than 20%.

SOEs have already established a number of digital innovation platforms like new energy vehicles, the Beidou navigation satellite system, e-commerce and blockchain, as well as platforms for sectors like offshore engineering equipment, logistics and big data by the end of 2021. China has been working on an integrated big data system across the country, which involves eight national computing hubs and 10 national data center clusters, the National Development and Reform Commission (NDRC)

announced.

SOEs' investment in “new infrastructure”-related projects will accelerate the integration and application of innovative technologies like AI and big data with the real economy, and support the digital transformation of small and medium-sized enterprises (SMEs), said Liu Xingguo, Researcher at the China Enterprise Confederation in Beijing. Weng Jieming, Vice Chairman of SASAC, said that in the next step, the government will focus on deepening the supply-side structural reform and building world-class enterprises to further promote strategic restructuring and professional integration of central SOEs. The overseas assets of central SOEs have reached nearly CNY8 trillion to date, with over 8,000 projects in more than 180 countries and regions, Weng said, as reported by the China Daily.

## More investment in civil aviation despite Covid

China's civil aviation sector completed a total of CNY34.3 billion of fixed asset investment from January to May, a year-on-year increase of 6.6%, Sun Wensheng, Deputy Director of the General Affairs Department of the Civil Aviation Administration of China (CAAC), said at a news conference. By the end of May, four new airports were opened to traffic, including two in Xinjiang, and the other two after renovation and relocation in Guangdong and Sichuan provinces. Other airport expansion and renovation projects such as in Chongqing and Xian (Shaanxi province) are under construction, while projects such as the new airport in Xiamen, Fujian province, began construction.

In response to a question about international flights in the latter six months of this year, Liang Nan, Director of the CAAC Transport Department, said the Administration is discussing with some countries to gradually increase regular international passenger flights to cater to travel needs. She also said that the operation of international flights is beneficial to China's economic development and the movement of Chinese and international travelers. It also serves the sustainable development of the air transportation industry. Since the outbreak of the Covid-19 epidemic, regular international passenger routes with 54 countries were maintained. The CAAC also took measures to ensure smooth logistics in air transport.

Shanghai Pudong International Airport has been recovering, handling 215 cargo flights and 8,770 metric tons of mail and cargo every day, both about 90% of the volume before the latest outbreak of the epidemic. On June 15, Shanghai Pudong handled 237 cargo flights and 9,834 tons of mail and cargo, a record since the latest outbreak. Guangzhou Baiyun has handled 5,465 tons of mail and cargo every day, about the same as in the first quarter of this year, the China Daily reports.

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