

# China Business Weekly

28 June 2022



## ANNOUNCEMENT UPDATED QUARANTINE REGULATIONS

**Quarantine for passengers arriving in China reduced to 7 + 3 days**



In the biggest changes to the quarantine rules since China closed its borders in March 2020, **the mandatory quarantine for passengers arriving from abroad has been reduced to seven days in a government-run facility, plus three in home isolation.** It will make it easier to enter the country, as is seen as a first step towards easing its border restrictions. Nevertheless, the controls remain tough compared to many countries that have completely reopened and dropped testing requirements.

Some of the relaxed rules announced on June 28 had already been in place since earlier this month in the capital Beijing, Wuhan in Hubei province, in Wuxi and Xuzhou in Jiangsu province and across Zhejiang. In addition, eight major cities in April cut their quarantine requirements from 14 to 10 days in a designated facility, a move that was followed in many other places.

The Chinese government has been sending signals that border controls could gradually be eased, as other countries are removing barriers for international travel 2½ years into the pandemic. As of June 20, foreign nationals have been allowed to visit immediate Chinese family members or foreigner family members with permanent residency in mainland China, and they no longer have to produce an invitation letter from a provincial-level authority when seeking an employment visa. Aviation authorities also said earlier this month that the number of international passenger flights would increase and that they were in talks with several countries to add more. Several airlines in China have said they plan to offer new international routes or resume them from this month.

It was also welcomed by the foreign business community, though **the European Union Chamber of Commerce in China said it remained to be seen if the policy would be implemented by authorities across the country** – noting that this has varied widely. “The European Chamber recognizes that China cannot open its borders completely due to relatively low vaccination rates, particularly among those aged 60 and above,” said Joerg Wuttke, President of the EU business group. “This, in conjunction with a slow introduction of mRNA vaccines, means that China may have to maintain a restricted immigration policy beyond the summer of 2023.”

Lei Zhenglong, an official with the National Health Commission, told reporters in Beijing that the policy change was based on “huge amounts of scientific evidence” collected from pilot schemes in April and May, as well as “the lessons learned” from recent outbreaks in Shanghai and Jilin province, Beijing is sticking to its tough “dynamic” zero-Covid response that aims to stop new cases from entering the country and stamp out local outbreaks. The new guidelines also call for all carry-on and checked luggage to be disinfected upon arrival in China, the South China Morning Post reports.

## FCCC/EUCBA ACTIVITIES

**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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## Webinar: Changes in China's IP legislation and implications for SMEs July 14, 10h00 CEST



**Webinar**

# CHANGES IN CHINA'S IP LEGISLATION AND IMPLICATIONS FOR SMEs

14 July 2022  
10:00 CEST

CHINA IP SME HELPDESK | European Commission | 法兰德斯中国商会 FCCC VCKK | EU-China Business Association 欧盟中国贸易协会

The Flanders-China Chamber of Commerce, the EU-China Business Association and the China IP SME Helpdesk, with the support of Flanders Investment and Trade, are organizing a webinar focused on “**Changes in China's IP legislation and implications for SMEs**”. This webinar will take place on **14 July at 10:00 CEST**.

Intellectual property can be a key factor in the competitiveness of your business in the global economy. The Chinese government has recently adopted a number of changes to their patent, copyright and trademark laws. Which legislative changes, and what are the implications for your business? How can intellectual property assets help you with your cash flows and be a valuable asset to your business?

Mr Thomas Pattloch, IP Expert of the China IP SME Helpdesk, will provide an overview of the legislative changes in China's IP laws and their important implications for European SMEs.

### AGENDA:

**10:00** Welcome remarks and introduction of the China IP SME Helpdesk – **Mrs. Alessandra Capriglia**, Project Manager, China IP SME Helpdesk

**10:05** Introduction to Flanders-China Chamber of Commerce and to the EU-China Business Association – **Ms. Gwenn Sonck**, Executive Director, FCCC and EUCBA

**10:10** Changes in China's IP legislation and implications for SMEs – **Mr. Thomas Pattloch**, IP Expert at the China IP SME Helpdesk

**11:00** Q&A

### Practical information:

**Date and time:** July 14, 2022, 10h00 - 11h00 CEST

**Location:** Online

**Price for members:** Free

**Price for non-members:** Free

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## 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



*(From top-left, clockwise: H.E. Cao Zhongming, Ambassador of the People's Republic of China to Belgium; Mr. Kurt Vandeputte, Chairman FCCC; Mr. Christian Leysen, Chairman Ahlers; Mr. Philip Eyskens, Chief Legal & Compliance Officer, Bekaert; Ms. Gwenn Sonck, Executive Director FCCC, Ambassador Cao and FCCC Chairman Vandeputte)*

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.

Ambassador Cao delivered following speech at the dinner:

“Good evening. It is my pleasure to attend this exclusive dinner hosted by the Flanders-China Chamber of Commerce (FCCC), which gives me the opportunity to meet face-to-face with friends from the business community for the first time after over two years. I was also invited to another important event tonight. But I believe this event by the FCCC should be prioritized. Under the compound impact of Covid-19 and major geopolitical changes, the world economy is facing severe tests and most countries are dealing with a downward economic pressure. A moment like this calls for greater dynamism and contribution from the business community and makes it all the more important to heed the views of the business community. Before we start our discussion, I want to first brief you of some important information about China of your interest.

Since March this year, due to the impact of both changes and a pandemic unseen in a century, some unexpected factors have affected the Chinese economy. Let me share with you some figures. From January to April, China's total retail sales of consumer goods dropped by 0.2% year-on-year, the Consumer Price Index (CPI) increased by 1.4%, and residential housing sales fell by 29.5%. These numbers show that the negative effect of the recent resurgence of infections on China's consumption has begun to be felt. Having said that, there are still many highlights in the first four months. For example, China's investment in hi-tech manufacturing grew by 25.9%, and trade in goods was CNY12.58 trillion, increasing by 7.9% year-on-year.

Our assessment is that the impact of the recent increase of Covid cases on China's economy is only short-term and external. The fundamentals sustaining China's long-term, steady economic growth remain unchanged and the prevailing trend of transition and upgrading toward high-quality development remains unchanged. We are fully confident about this. I am particularly happy to see the solid progress made in China-Belgium practical cooperation in the first four months of this year. Our bilateral trade in goods reached USD13.7 billion, up by 17.9% year-on-year. Non-financial direct investment from China to Belgium was USD3.59 million, and 18 new Belgian companies were set up in China, with a paid-in investment of USD56.23 million.

On this occasion, I want to discuss three topics with you.

First, why has China been committed to the dynamic zero-Covid policy?

The right to life is the most important human right. The overall principle of dynamic zero-Covid does not mean zero infection, but to keep the spread of the virus under control within the shortest period of time and at the lowest social cost. It

is aimed at protecting people's health and ensuring normal life and production to the fullest possible extent. With its new variants, Omicron has been highly transmissible and difficult to detect. There are 267 million people aged above 60 in China. Given the unbalanced development of different regions and an overall shortage of medical resources in China, adopting a "living with the virus" strategy will bring the risk of running out of medical resources, threatening the health of patients with underlying conditions, the elderly, children, and pregnant women, among others.

Necessary measures are indispensable to achieving dynamic zero-Covid. They may bring temporary impacts or challenges to foreign-invested companies, but they are needed to effectively stem the spread of the virus and realize business reopening in an orderly way. The Chinese government has always put people and their lives front and center and has been committed to dynamic zero-Covid. As a result, China has been able to minimize the impact of the pandemic and ensure stable economic and trade cooperation with foreign partners. And it is on such a basis that China has been able to harness the strengths of its fairly complete industrial system and vast market to provide urgently needed supply and demand for the world economy. Since the start of Covid-19 over two years ago, practical cooperation between China and Belgium has not been notably impacted. Rather, bilateral trade has made further progress. This is one of the best examples.

Second, has China become less attractive for foreign investment?

Some in the West claim that China's Covid policy is undermining its competitive edge as a global manufacturing center and its attractiveness to foreign investment. Foreign investors are leaving China at a faster pace to look for substitutes. The truth is, despite the fact that some foreign investors have adopted a diversified approach due to the pandemic and geopolitical influence, they have not slowed down their investment in China. According to reports of the German Chamber of Commerce and American Chamber of Commerce in China, over 70% of German companies and over 60% of American companies plan to increase investment in China. In 2021, China attracted a record volume of foreign investment, up by 14.9% compared with the previous year. In the first four months of this year, paid-in foreign investment in China went up by 26.1% year-on-year, and 185 large projects each with foreign investment of over USD100 million were added.

The Chinese government has been accelerating opening-up. It has granted national treatment to more foreign companies in more areas, kept shortening the negative list, unleashed more benefits of openness, further strengthened services for foreign investment, improved the business environment, coordinated efforts to help foreign companies resume operation, and ensured faster implementation of major projects. Foreign investors who are determined to maintain long-term presence in China will gain high growth and return by being deeply rooted in the Chinese market. Vision decides results. Whether to focus only on immediate interest and turn away for substitutes or to bear in mind the long-term interest, stand with China to tide over the difficulties and create a future together, I believe you will make the wise decision.

Third, is there more growth space for China after the pandemic?

On 25 May, a national teleconference on ensuring stable overall economic performance was held in China. Premier Li Keqiang stressed at the conference the need to implement policy measures set out at the Central Economic Work Conference and in the Government Work Report within the first half of this year. This is the latest move in the Chinese government's package measures for steady economic growth. China has a population of over 1.4 billion, a 900 million strong labor force, and over 170 million people with high-level education and professional skills. In recent years, China has been integrating into the global industrial division of labor and moved its advanced manufacturing steadily to the medium-high end, giving the Chinese economy a greater adjustment space. China has a per capita GDP of over USD12,000, a middle-income group of over 400 million people and more than 150 million market entities. China is the world's second largest consumption market and the largest trader of goods. I don't believe anyone would want to miss such a big market.

I have been working in Belgium for over three and half years. One thing I always find impressive is that despite the big progress in China-Belgium practical cooperation, there is still great potential to tap. The business community of Flanders has always had a pioneering spirit in cooperating with China. We hope that in areas where Belgium has strengths and China has demands, such as innovation, digital economy, healthcare, agriculture, food, chemical industry, green and low-carbon transition and sustainable development, you will continue to enhance cooperation with Chinese partners to further explore the Chinese and Belgian markets, jointly explore third markets, ensure stable global industrial and supply chains, and achieve mutual benefits.

At the Global Trade and Investment Promotion Summit on 15 May, Chinese President Xi Jinping reiterated that China's resolve to open up at a high standard will not change, and that the door of China will open still wider to the world. We will continue to provide necessary facilitation for you to do business in China. We hope you will stay fully confident in sustained development of the Chinese economy and society and stay resolved in investing in China. To conclude, I wish China-Belgium practical cooperation greater achievement; I wish you good health, all the best to your family and every success in your business."

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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.

**Mr Gong Bengao, Director, Weihai Municipal Bureau of Commerce** welcomed the participants to the webinar and introduced the speakers.

**Mrs Yang Li, Vice Mayor of Weihai**, welcomed the participants to the webinar in the name of the Weihai Municipal Government and thanked the friends from Belgium for supporting the development of Weihai. In 2012, Weihai established a representative office for Europe in Ghent and in 2013 Weihai and Ghent established friendly-city relations. Bekaert and the Beaulieu International Group have invested in Weihai. In 2021, Weihai had absorbed USD150 million in Belgian investment, or 60% of European investment in Weihai. The Flanders-China Chamber of Commerce is an old friend of Weihai and the leaders of Weihai have visited Belgium. Mrs Yang promised to improve the environment for foreign investors in Weihai.

**Mr Kurt Vandeputte, Chairman, Flanders-China Chamber of Commerce:** “Let me first start by thanking the Weihai government for the excellent support they give to our companies which have invested there and for their strong cooperation with our Chamber! Over the past 12 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. The Chamber has received many delegations from the city and also organized several business delegations to Weihai. Due to the current China’s Covid-19 policy, we can however, not yet visit your beautiful city and meet with government leaders but I do hope that as from next year we can start again to travel to China and visit your charming city and of course we warmly welcome delegations from your side so that we can introduce business leaders from both sides to each other. As a result of the pandemic we still have to have virtual meetings but for business leaders doing business with China – we really need to meet face-to face. And when companies want to invest in China, they need to be able to visit the location and meet with local government leaders.

**Why Weihai?** Several of our member companies, such as Bekaert and Beaulieu, already have major investments in Weihai. The city, located in Shandong province, has a very business-friendly investment environment. It 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. Leading investors in Weihai, such as Bekaert and Beaulieu from Belgium, report that they are extremely satisfied with their dealings with the Weihai government. They say that Weihai government departments are responsive, there is a strong willingness to cooperate and the service is everything they could hope for. We will also hear this from our other testimonial today from the German company Marquardt, which also has a large investment in Weihai.

Like the best cities, Weihai offers five features recognized by the World Bank and the Ministry of Commerce as the fundamentals of a good international business environment. Excellent government services; a business-friendly environment; a highly skilled workforce linked to clusters of research and academic institutions; excellent infrastructure and transport; and a good living environment. Foreign businesses also need a fair, stable and transparent investment environment, including clarity about policies to feel secure about investing. Incentives such as available subsidies also need to be made clear to foreign investors at the outset. Another key requirement for foreign investors is that they have access to secure, stable and competitively priced energy supplies. These things are all available in Weihai. But what

makes Weihai special is also its attractive living environment. It has a unique natural environment with 1000 sq km of seaside.

Personally, I have not been able to visit this city, but when I hear all that from our investors, I will certainly visit Weihai and I do hope, our Chamber can take along some interested business leaders next year! I would like to thank you once again and wish you a lot of success in attracting new investment into your beautiful city!"

**Mr Chen Hui, Chief Representative of Weihai in the EU**, introduced Weihai, a coastal city in China, located at the eastern tip of the Shandong peninsula. Weihai is the nearest Chinese city to South Korea, with a land area of 5,832 sq km, a coastline of 986 km and a population of 2.9 million. Weihai has received many honors: China's first national sanitary city; national forest city; national civilized city; and winner of the UN-Habitat scroll of honor for improving the living environment. Weihai has convenient transportation with nine sea routes to South Korea with the lowest delivery cost and most efficient Customs clearance. There are three international airports, Weihai, Yantai and Qingdao, within a two-hour driving distance with domestic and international connections. High-speed trains connect Weihai to Qingdao, Beijing and Shanghai. Weihai has 1,715 foreign-funded enterprises, 23 friendly-city relations with foreign cities and economic and trade cooperation with more than 200 countries and regions.

Investments from Belgium include Bekaert (USD300); Beaulieu International Group (USD145 million) and Huiyin New Energy. Belgian chocolate maker Filip Esprit is making hand-made chocolates in Weihai. Examples of international cooperation include the Marquardt Group, the largest electric switch manufacturer of Europe; Berger Group, the "hidden champion" of Germany in the field of automotive seatbelts; Rohm, the world champion in the drill chuck industry; and HP Group, setting up an A3 printer production base. In Weihai there is also the Sino-Euro Advanced Manufacturing Industrial Park focussed on electronic information, intelligent equipment and new materials with a phase 1 land area of 60,000 sq m. The Europe-China Industrial Park on Water Treatment and Membrane Technology Innovation has a total investment of CNY350 million with 28 enterprises established in the park.

Weihai has a sound industrial base with 15 national and provincial industrial parks and 20,000 industrial enterprises of various types. It ranks No 1 in the proportion of high-tech in industrial output in Shandong province and has 12 listed enterprises. Weihai has seven industrial clusters: information technology; new medicine and medical device industry; advanced equipment and intelligent manufacturing; carbon fiber and composites; marine biology and healthy food; fashion and leisure sports products; and health and wellness tourism. Weihai has abundant talent resources with 11 colleges and universities, 110,000 students in school and 20,000 graduating every year. The city has efficient government services.

**Mr Adam Touhig, Senior Vice President RR Asia, Bekaert**, explained that the company first came to China in 1993. Its regional headquarter Asia is located in Shanghai and Bekaert has 15 manufacturing plants in China, one R&D and engineering center in Jiangyin and approximately 9,000 employees. Bekaert has over €1 billion accumulated investment in the country. In Weihai, Bekaert Shandong Tire Cord (BSTC) is strategically located in an area with many local customers. The company was legally registered on 9 October 2003 and started production on 28 October 2004. It is the third Bekaert steel cord plant in China and is located in the Eco & Tech Development Zone of Weihai. It has 1,371 employees and produces tire cord.

On July 10, 2003, an MOU was signed between the Weihai government and Bekaert on Bekaert's investment in Weihai. The ground-breaking ceremony took place on December 10, 2003 and production of WWD and cord started on October 28, 2004. On August 15, 2005, BSTC was fully up and running. In December 2008, tire cord capacity reached 100,000 tons per year, expanding to 140,000 tons per year in December 2010 and BSTC becoming the biggest tire cord plant in the world. In January 2012, BSTC first reached 10 million working hours without LTA in the history of Bekaert. In August 2017, total tire cord capacity reached 167,000 tons per year. The company's registered capital has been raised from USD30 million to USD100 million and total investment increased from USD30 million to USD300 million.

Bekaert also organized several social activities in Weihai, including badminton and skill competitions, a family day and an annual party. BSTC obtained multiple awards such as foreign investment enterprise in advanced technology; harmonious enterprise on labor relationship; "A" grade tax payer and Shandong top brand. Mr Touhig concluded his presentation by thanking the Weihai authorities for their support.

**Mr Berthold Arends, General Manager, Marquardt Switches Weihai**, introduced his company. He said he supported Weihai to develop into a „fine city“ as this is fully in line with the strategy of Marquardt to develop sustainable high quality products, which are the success factor of Marquardt's history. You have all experienced Marquardt before. Every day, millions of people around the world come into contact with our products. In countless applications, integrated solutions from Marquardt form the convenient interface between man and machine, such as in cars and dishwashers. The company is also the world market leader in power tool switches. In total, the company produces about 24,000 products. Especially the demand for battery management systems "Made by Marquardt" increased exponentially last year. Marquardt currently employs about 10,200 people at 21 locations worldwide. In fiscal 2021, it generated sales of around €1.3 billion, an increase of more than 12% compared to 2020. Expenditure on research and development amounted to an above-average 10% of sales in fiscal year 2021. With 105 new patents and industrial property rights in 2021, it is clear that these

investments are paying off.

Since 1995, Marquardt has grown organically by an average of around 10% per year, which can be attributed to entering the automotive industry. Marquardt has become one of the world's leading mechatronics experts. A major theme in its history is innovation. In 1925, the merchant Johannes Marquardt (1885-1963) and the identically named but only distantly related technician Johannes Marquardt (1889-1942) laid the foundation for their start-up, a "special plant for electrical needs and fine mechanics" in their Rietheim homes. They developed and sold innovative built-in switches for electrical appliances and power tools thus becoming pioneers of a new segment in the electrical industry. The young company received its first major order in 1926 from a vacuum cleaner manufacturer in Stuttgart. After the end of the Second World War, Marquardt was the first German company to produce snap-action switches in the 1950s. In the early 1960s, for the first time Marquardt began developing complete switch keyboards for washing machines. In the 1970s, Marquardt introduced electronic power tool switches to the market, becoming the world market leader.

In the automotive industry, with standard switches and customer-specific snap-action and operating switches, Marquardt opened up a completely new market. Marquardt positioned itself in with various sensors for household appliances and high-gloss control panel surfaces in so-called "Black Panel" technology. Marquardt opened up a new field with "Shift by wire", the shift control by electronic impulse, and began supplying BMW with gear selectors. In 2013, a new dosing system for liquid detergents revolutionized the inner workings of washing machines and dishwashers. Marquardt also became the leader in the future topic of electro mobility, evolving from a manufacturer of switches to an expert in interactive mechatronics. Evidence of this is found in displays for controlling heating systems, touchpads for vehicles, or battery management systems for electric cars. Approximately 60% of Marquardt products are five years old or younger.

Another competence of Marquardt is its worldwide presence, operating at 21 locations in 13 countries on four continents. This creates excellent logistical conditions and being very close to the customers, working with them in their local languages. With its mechatronic solutions, Marquardt has become the partner of many leading brands over the decades. From Mercedes, BMW, Audi and Porsche to Caterpillar, BSH household appliances and Stanley Black & Decker – Marquardt components are used in their products. An equally important success factor is being a family-owned company.: there are several Marquardt families whose members have been responsible for the company for decades and the shareholders reinvest profits to a large extent in the further development of the company.

Marquardt is passionate about developing the future, such as electro-mobility, with the key technology of battery management systems, which in electric cars ensure that no safety-critical conditions arise and will switch off the battery in the event of an emergency. The trend towards e-mobility has been made possible by the performance of lithium-ion batteries. The battery management systems from Marquardt continuously analyze the condition of the battery. Intelligent driving systems combine the reliable statements of the battery management system with the data of the navigation device. Marquardt is now bringing more comfort into household appliances with the development of the "Knob HMI," an intuitive, smart rotary push button with an integrated display that can be used to seamlessly control numerous applications.

The success story of Marquardt has now also reached Weihai. With the foundation of the subsidiary Marquardt Switches Shanghai in China and a joint venture with the Indian switch manufacturer RG Keswani, the group of companies has positioned itself as a producer and employer in the Far Eastern markets. For further growth in Asia, a production plant was established in Weihai. The city meets many of the criteria that are important to Marquardt. This includes the infrastructure with trains and highways, with an international airport nearby and international ports. The many educational institutions, universities, technical colleges, vocational schools and training centers also do speak for Weihai. Furthermore the high quality of life with comparably much better air quality is another great plus for Weihai. Marquardt invested around €45 million into the so called phase 1 area. The expected annual sales of €190 million will be achieved with automotive products. The official opening ceremony for the second Marquardt production plant in China took place on September 8, 2019. The new plant covers an area of around 25,000 square meters and can be flexibly expanded at a later date. On April 11, 2022 Marquardt signed a project investment agreement with the city of Weihai for the phase 2 extension project. The total investment will be around €40 million. Main products manufactured in phase 2 will be high and low voltage battery management systems and drive authorization systems. Mr Arends thanked the local authorities of Weihai to continuously support Marquardt Switches Weihai.

**Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce/EU-China Business Association, Honorary Citizen of Weihai City and Shandong Province:** "It is a pleasure to see you all again! Unfortunately, we have to meet again virtually but I do hope that next year we can all meet again in your beautiful and charming city. My first visit to Weihai was about 15 years ago and I have to say that the openness and the dynamism of the people of Weihai has left a deep impression on me! I am proud to be a honorary citizen of this vibrant and dynamic city! Today, during this webinar we learned a lot about Weihai's unique natural environment, which no other city has. Besides that, it is an important high-quality manufacturing location. Confucius said: crossing the river by feeling the stones. Sharing experiences and learning from others is one of the services our Chamber gives to its members. Our founding members also built up a strong network in China and this is what we want to share with you. Today's webinar is a clear example of the network we have and that our members can further build on.

Today, you also heard the testimonials of Bekaert, founding member of our chamber, and of Marquardt on investing in Weihai. It is impressive to hear that Bekaert has its single largest tire manufacturing plant in the world located in Weihai! This is also due to Weihai's excellent government support and its can-do mentality! Also the success of our member of

Beaulieu in China is a proof of the good business environment in Weihai. In 2020, when the pandemic was all over in China, Weihai got back to business very fast. As a result of that, our companies could quickly continue their production, expand their investment and increase their revenue. Also now, Weihai is a leading example in managing the situation. This is remarkable and thanks to good leadership and its citizens' cooperation and support. Weihai's attractiveness for foreign investors is impressive. Due to its natural environment, Weihai also has a very healthy environment with excellent air quality. It was also awarded best livable city!

Weihai has a range of advantages that also place it ahead of many other cities. It has a diversified economy with a focus on many industrial clusters, excellent local government support, a skilled labor force, an efficient and business-friendly investment environment, and good educational facilities. On top of that, the city is logistically well-connected. Good cooperation is also based on trust and the success of our other investors in Weihai gives confidence to other potential investors. Weihai has also been nominated as a fine and happy city for which I like to congratulate them once again!

I would like to thank the Weihai government and the Weihai Municipal Bureau of Commerce for its continued support given to our investors. Finally, as the saying goes: Seeing is believing: We hope more European companies will go to Weihai and lastly, I hope that next year our Chamber can bring a business delegation to Weihai!"

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## Seminar: “Win in China: Doing business with a changing China” – 22 June 2022



During the Flanders Investment and Trade Export Fair, the Flanders-China Chamber of Commerce, with the support of Flanders Investment and Trade, organized a seminar focused on 'Win in China: Doing business with a changing China'. This seminar took place on June 22, 2022.

**Mrs. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce**, welcomed the participants.

**Mr. Bo Ji, Chief Representative for Europe and Assistant Dean of China's top business school, Cheung Kong Graduate School of Business**, delivered the keynote speech. Professor Ji shared his perspective on how to be successful on the Chinese market. He discussed 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 also shed light on this diverse and complex market and how business leaders can change their mindset to engage successfully with China.

**A Q&A session concluded the seminar.**

**What are the top 3 tips for doing business in China?** Mr Bo Ji: You need to understand Chinese culture and know how the Chinese business community behaves. You also need to understand the Chinese consumers and to know what kind of business model works. Not every western model is going to work in China. It is enormously important to know what Chinese consumers are looking for. Thirdly, it's important to be flexible and adapt to the Chinese speed. Work ethics are also important. You almost need to become like a Chinese: work hard and getting things happen.

**What are the top three reasons for failure in China?** Mr Bo Ji: 1. Just dumping your product into China. Walmart did that with its low cost approach and it failed. 2. Not abiding by government rules. It's either the government's way or the highway – go home. You need to adapt to the environment in terms of regulations. A confrontational approach towards the government could lead to failure. 3. To easily give up. You need to learn a lot in China. Making mistakes in China is normal, but you need to correct them and move on. Doing business in China requires more skills. You could fail if you easily give up.

**How to build relationships with Chinese partners if you cannot meet them face-to-face?** Mr. Bo Ji: Meeting by video is the way to go right now. Many Chinese businesspeople desperately want to come to Europe. Government policy is now to ease the Covid restrictions. The economy suffered a lot from the lockdowns and the lack of exchanges. You can talk to your Chinese partners via Tencent meeting and build up the relationship. Also, do not only talk about work. The Chinese mix work and personal life.

**What are the three main cultural differences when businesses are going back to China?** Mr Bo Ji: Certain businesses are not meant for the Chinese market, such as competing for price when your costs are high. Chinese culture is very much price sensitive but Chinese look up to brands and quality. You can sell expensive bags in China without any problem, because people pay for brand, quality and status. For cheaper products there are plenty of competitors in China. Chinese also love negotiations to get a better deal. If you deal with state-owned enterprises, some business is heavily regulated and you may not have any advantage, such as in the oil, banking and telecom sectors. On the other hand, China needs a lot of medical equipment and technology, such as in AI, batteries, aerospace and car manufacturing.

## MEMBERS' NEWS

### Confucius Institute: 2022 Chinese Summer Courses

The Confucius Institute at GroupT-Academy has announced that its Chinese teacher Ms. Li Heng has arrived in Leuven two weeks ago and the Confucius Institute is going to organize Chinese Courses for Summer 2022. Please refer to the poster below. More information can also be found through [our website](#). The Confucius Institute warmly welcomes you and members of the Flanders-China Chamber of Commerce to join our Summer Courses.



The poster features the Confucius Institute logo on the left and the Chinese characters '孔子学院' and 'CONFUCIUS INSTITUTE GROUP T - ACADEMY' on the right. Below this, the text '2022 Chinese Summer Courses' is prominently displayed. It specifies 'Online: Zoom Platform' and 'Onsite: Andreas Vesaliusstraat 13, 3000 Leuven'. Two photographs show a teacher writing on a chalkboard and students in a classroom. A list of eight courses with their dates and times is provided. At the bottom, it states '75 Euro for each course, 15 hours in total! Join us wherever you are, online or onsite!' and includes a QR code, a website link, an email address, and a phone number.

**2022 Chinese Summer Courses**

Online: Zoom Platform  
Onsite: Andreas Vesaliusstraat 13, 3000 Leuven

**COURSES**

1. Tour of Chinese Cities: 10:00-11:30, 4 July-15 July
2. Practical Chinese: 14:00-15:30, 4 July-15 July
3. A Glimpse of Chinese Culture: 10:00-11:30, 18 July-29 July
4. Chinese Characters Course: 14:00-15:30, 18 July- 29 July
5. Preparation Course for HSK3: 10:00-11:30, 1 August-12 August
6. Preparation Course for HSK4: 14:00-15:30, 1 August-12 August
7. Preparation Course for HSK5: 10:00-11:30, 1 August-12 August
8. Preparation Course for HSK6: 14:00-15:30, 1 August-12 August

**75 Euro for each course, 15 hours in total!  
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### HEALTH

#### Cross-provincial travel resumes; number of new Covid-19 cases drops further



A dozen Chinese provinces and regions are easing travel curbs ahead of the summer holiday, which is expected to boost the tourism market. Hubei, Zhejiang, Jiangxi, and Gansu provinces have resumed cross-provincial travel to promote the revival of the market. The number of trips booked has rocketed since the beginning of June, with the number of average daily orders exceeding those in the same period last year, Ctrip said. But some restrictions remain. Some counties are preventing travel groups from entering or leaving if an outbreak has occurred in the previous 14 days or cumulative local cases have exceeded 50. Under the circuit-breaker mechanism, cross-border trips are still suspended in Beijing and Shanghai.

In Beijing, authorities warned 70 companies, including a McDonald's restaurant, for failing to strictly carry out anti-epidemic measures. In the past week three new cases were found via mass testing in the Beijing Economic-Technological Development Area, or Beijing E-Town. Health authorities in Hefei, Anhui province, announced a halt to regular mass testing. Previously, the city, with a population of nearly 10 million, had been testing every five days or weekly.

Beijing announced the resumption of on-site classes in primary and secondary schools, while Shanghai decided to resume dine-in service in some districts where no Covid-cases have been reported in the past week. Nonetheless, the cities' health authorities and experts warned that risks cannot be completely ruled out. At a news conferences on June 26, Beijing and Shanghai each reported two new Covid-19 infections.

After more than a month without infections in Shenzhen, the city has reported sporadic local cases in recent days and is now requesting residents to show a negative PCR test obtained within 48 hours when using public transport

or entering public enclosed areas. Other cities in China have adjusted their PCR test cycle from three to five days, while others even suspended regular testing. China's nucleic acid testing capacity increased to 57 million tubes per day in May this year from 1.26 million tubes per day in March 2020, a 45-fold increase in one year. Shenzhen was one of the first major Chinese cities to adopt regular mass testing as part of the "new normal" in Covid-19 control after a mini outbreak in March, a practice that was later followed by Beijing and Hangzhou.

At least eight Chinese cities have reduced the centralized quarantine periods for international arrivals from 14 days to 10 or seven days, Chinese embassies have streamlined visa applications for foreigners, and certain cities have relaxed entry requirements for travelers from previously Covid-hit cities such as Beijing and Shanghai. Cities such as Beijing and Wuhan have shortened quarantine periods for international arrivals on a trial basis to seven days of centralized quarantine and another seven days of home quarantine. International arrivals are subject to 10 days of quarantine when they arrive in the cities of Chengdu (Sichuan province), Xiamen (Fujian province) and Ningbo (Zhejiang province). Several other cities, including Guangzhou, Qingdao, and Xian, still stick to the policy of 14 days of centralized quarantine for international arrivals.

Chinese embassies in many countries, including France, Nigeria and Indonesia, also streamlined visa application procedures for foreigners. Those who are coming to work in China and have been approved by relevant Chinese departments don't need to present a letter of invitation when applying for a work visa. Family members with foreign nationalities also are exempt from submitting letters of invitation from local authorities when coming to visit their relatives who work in China. The CDC expert said all those relaxations of policies are based on the fact that the incubation period of the Omicron variant is shorter and to lighten the burden of Covid-19 controls on society and people's lives.

The provincial government Liaoning province ordered the border city of Dandong to optimize local anti-epidemic work, avoid a one-size-fits-all approach and draconian policies. The order was the result of an incident in which an elderly man seeking medical care slapped a police officer who stopped him at a checkpoint because his QR code was yellow. Dandong has been under lockdown for about 60 days since April while the city recorded less than 10 confirmed cases in the last week.

**Five officials from Zhengzhou, Henan province, were punished for abusing the health code system**, after they switched the health codes of some clients of small rural banks to red, prohibiting them from traveling and withdrawing money. It was estimated that a total of 1,317 clients with savings in the rural banks had their health codes changed, including 446 that had red codes when

they scanned the venue code in Zhengzhou, and another 871 who were not in Zhengzhou but received a red code when they scanned venue codes in Zhengzhou sent to them.

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

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## MACRO-ECONOMY

### President Xi stresses global development at dialogue following BRICS Summit



**Chinese President Xi Jinping highlighted the significance of placing development at the center of the international agenda** when some countries have politicized and marginalized the development issue, built “a small yard with high fences,” imposed maximum sanctions and stoked divisions and confrontation. He made the remarks at the High-level Dialogue on Global Development, stressing China will take pragmatic steps to continue supporting the UN 2030 Agenda for Sustainable Development, including adding USD1 billion to a Global Development and South-South Cooperation Fund. It is important that we put development front and center on the international agenda, deliver on the 2030 Agenda for Sustainable Development, and build political consensus to ensure everyone values development and all countries pursue cooperation together, Xi said while chairing the High-level Dialogue on Global Development in Beijing via video link. He called on countries to build an open world economy and shape a global governance system and institutional environment that is more just and equitable.

President Xi said protectionist moves will boomerang; anyone attempting to form exclusive blocs will end up isolating himself; maximum sanctions serve nobody's interest, and practices of decoupling and supply disruptions are neither feasible nor sustainable. The dialogue took place after the BRICS Summit. Leaders from 18 countries attended the dialogue. In addition to BRICS members,

leaders from nations including Algeria, Argentina, Egypt, Indonesia, Iran, Kazakhstan, Senegal and Uzbekistan also attended the event.

China will upgrade the South-South Cooperation Assistance Fund to a Global Development and South-South Cooperation Fund, and add USD1 billion to the fund on top of the USD3 billion already committed, the Chinese President said. Xi said China will advance cooperation with all sides on poverty reduction, build capacity for food production and supply, and promote clean energy partnerships.

The Dialogue issued a Chair's Statement saying leaders reached extensive consensus including commitment to multilateralism, development and a people-centered approach. The Deliverables of the dialogue said China will take measures, such as providing 100,000 training opportunities for other developing countries to facilitate post-Covid economic recovery and social development, establishing an International Vaccines Research, Development and Innovation Alliance and officially launching the China-FAO South-South Cooperation Trust Fund Phase III of USD50 million to support global development. BRICS countries – Brazil, Russia, India, China, and South Africa – represent 40% of the world population, account for 25% of the global economy and 18% of world trade, and contribute 50% to the world's economic growth.

As the BRICS chair country, China actively supports the BRICS in starting the membership expansion process and expanding the “BRICS Plus” cooperation, Chinese Foreign Ministry Spokesperson Wang Wenbin said.

Chinese analysts said the BRICS mechanism represents the future development direction of the world and a fast-emerging force that makes the world more equitable and inclusive. Cooperation between BRICS nations and developing countries is promoting a multipolar world, which is **the future direction of the world order featuring balance, efficiency, equality and justice**, when the U.S.-led West tried to throw the world out of order with hegemony, unilateral sanctions and confrontation, Chinese analysts said, as reported by the Global Times.

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## IT & TELECOM

### Chinese firms making breakthroughs in artificial intelligence (AI)



The scale of China's core artificial intelligence (AI) industry has exceeded CNY400 billion and the number of related enterprises has exceeded 3,000, with major breakthroughs being made in key core technologies such as smart chips and open-source frameworks, Xiao Yaqing, Minister of the Ministry of Industry and Information Technology (MIIT), said at a major industry conference in Tianjin. Innovation in products such as intelligent sensors and intelligent connected vehicles saw continuous improvement, and the whole industrial system also further improved, Xiao said during the opening ceremony of the **sixth World Intelligence Congress (WIC) on June 24**.

During the WIC 136 projects were signed with total investment worth CNY84.9 billion, covering areas such as innovative industries, high-end equipment, biomedicine and other emerging sectors. The convention gave awards for 10 excellent cases of intelligent technology innovation, including "intelligent manufacturing of modern Chinese medicine" by Tasly Pharmaceutical Group, a factory digital platform established by Haier Group, and an intelligent transportation solution for automated container terminals set up by the second container terminal of Tianjin port.

As one of the leading events in the field of smart technology globally, WIC has made many substantial achievements in the past five years, and also attracted representatives from global industry to talk about the latest progress in intelligent transformation. AI is also widely regarded as the next battlefield in the tech competition between China and the U.S., with the latter intensifying its crackdown on China over the past years.

Xiao noted that **the deployment of the intelligent information infrastructure in China has greatly accelerated** – about 1.7 million 5G base stations have been built, 150 large-scale industrial internet platforms have been developed, and more than 78 million sets of connected industrial equipment have been installed. Leading telecom carrier China Mobile has set up over 850,000 5G base stations, accounting for one-third of the

world's total. Xiao emphasized that it is necessary to accelerate the construction of intelligent information infrastructure, orderly promote the construction of 5G and gigabit optical networks, improve the layout of new infrastructure such as the industrial internet, data centers, and the Internet of Things (IoT), and reasonably deploy supercomputing centers. China continued to be the leading growth market for expenditure on cloud infrastructure in the first quarter of 2022, according to a report by Canalys. Such expenditure on the Chinese mainland hit USD7.3 billion in the first three months, up 21% from a year ago, accounting for 13% of the global total, said Canalys, as the Global Times reports.

In related news, **Chinese electronic design automation (EDA) software firm Empyrean Technology, one of China's best hopes in reducing reliance on imported chip design tools, has received approval from securities regulators to go public in Shenzhen**. A successful initial public offering (IPO) could help the Beijing-headquartered company raise more than CNY2.55 billion, according to Empyrean's prospectus. The firm's backers include its largest shareholder – state-owned China Electronics Corp (CEC) – which owns a 26% stake, as well as the National Integrated Circuit Industry Investment Fund, known as the "Big Fund". Empyrean said the IPO proceeds would go into several EDA development projects, including building analogue and digital chip design and verification tools.

Despite being a small player with just a 6% share in the home market as of 2020, Empyrean is banking on a state-led push to increase China's self-sufficiency in strategic technologies, including EDA software, to expand its business. Empyrean, which has research facilities in Nanjing, Chengdu, Shanghai and Shenzhen, was founded in 2009, a year after China rolled out a special project to boost its capacity in key electronic devices, high-end general purpose central processing units and basic software products. The company listed three development goals in its prospectus: help China "plug holes" in key EDA software categories by 2023, "fully substitute" foreign design tools with domestic versions and create a complete ecosystem of software tools needed for chip design by 2025, and become a global leader in EDA software by 2030.

Chinese semiconductor design companies have increased in number over the past few years, but most still rely on imported EDA software. Many industry professionals have warned that China relies more on foreign technologies in EDA tools than in chip manufacturing, having few substitutes if access to imports was cut. Currently, roughly 90% of the global EDA market is controlled by American firms Cadence Design Systems, Synopsis, and Mentor Graphics.

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## CHINA NEWS ROUND-UP

### European Ambassadors call for resumption of face-to-face meetings

The Ambassadors of Switzerland, France, Norway, Italy and Croatia to China have appealed to the Chinese government to relax rules that prevent face-to-face meetings to avoid misunderstandings. China was drifting apart from the rest of the world due to its hardline restrictions on international travel, said Swiss Ambassador Bernardino Regazzoni. The number of Swiss students in China was practically zero at the moment, he told an offline round table forum held by the Center for China and Globalization in Beijing. China's lockdowns and on-off economy had also caused large losses for Swiss companies and raised questions about the future, making it more challenging for them to decide on new investments. "After three years of zoom meetings, we are aware of the urgency to move back to meeting in person," he said. "One cannot pursue globalization and total control at the same time. It is either-or. I hope our Chinese partners understand that self-isolation will end up harming China in the first place and the rest of the world." Face-to-face communication would help reduce international tensions, according to Regazzoni. "I bet that half of the misunderstanding could be dampened by the resumption of in-person diplomacy out of artificial settings and bubbles," he said.

His remarks were echoed by Norway's Ambassador Signe Brudset, who said the number of Norwegians living in China today was also astonishingly low. She said some companies felt a growing distance between their boardrooms in Norway and their local businesses in China. "The lack of face-to-face communications weakens our understanding," she said. The comments come on the heels of growing concern at home and abroad about Beijing's draconian zero-Covid controls, which include lockdowns, mass testing and quarantine in government facilities. Overseas investor sentiment is at rock bottom, while surveys by business lobby groups show foreign companies are becoming more inclined to pull investment out of China. Croatian Ambassador Dario Mihelin said the lack of people-to-people contacts and informal offline discussions would lead to a sense of growing apart. "And then the sense of growing apart creates such great grounds for misunderstanding, misinterpretation, miscommunication and, unfortunately, mistrust," he said.

If China's borders were closed too long, it would lead to isolation and bring about long-term social and economic costs that could be entirely avoided, Italian Ambassador Luca Ferrari said. "Easing the international travel rules is fundamental to restore pre-pandemic flows, political visits, business and student exchanges," he said, noting it was

key to attracting and retaining talent, which would ensure competitiveness and provide foreign know-how inside China. French Ambassador Laurent Bili said that travel restrictions impact not only corporate cooperation, but also the ability to have a meaningful political dialogue between European and Chinese leaders, the South China Morning Post reports.

### 33 measures to boost the economy

In May the central government introduced 33 measures to boost the economy following the end of lockdowns in a number of cities. The six most important measures according to the South China Morning Post are:

- 1. Increase tax rebates.** The value-added tax rebate program, with an additional CNY142 billion, is being offered to seven more industries – retail, agriculture, food and drink, services, education, health and entertainment. The additional rebates will take the total for 2022 to CNY1.64 trillion.

- 2. Fast track infrastructure projects.** The central government has asked local authorities to front-load infrastructure investment. The Ministry of Finance has allocated CNY3.45 trillion for special-purpose bonds to support investment in infrastructure construction by the end of August. State-owned banks have also been ordered to set up a CNY800 billion line of credit for infrastructure projects. It is estimated that China's infrastructure spending reached around CNY23 trillion.

- 3. Boost car purchases.** China's auto sector is seen as a key area for stimulating consumption. Car sales fell by more than 60% in April, with sales in Shanghai reported to have dropped to practically zero due to its lockdown. There will be a phased reduction of the purchase tax on some vehicles by half from the start of June until the end of the year. The total planned reductions will amount to CNY60 billion.

- 4. Support SMEs.** To reduce the difficulty encountered by SMEs in obtaining financing guarantees, the government plans to invest CNY3 billion to support the sector. Financing guarantee agencies will act as third parties to guarantee the loans to the SMEs. The deduction of government procurement prices for SMEs has been increased from 6%-10% to 10%-20%, making it more likely they will be awarded contracts as they can make lower bids.

- 5. Help foreign-invested enterprises.** The Ministry of Commerce (MOFCOM) will set up a dynamic response mechanism to address the concerns of foreign-invested enterprises from the disruptions caused by the coronavirus

and to help them solve problems. Logistics will also be improved.

**6. Increase unemployment insurance.** To encourage firms to retain employees and to ensure job creation, subsidies to companies that do not lay off employees or keep turnover to a minimum have been increased.

## BMW, Honda and Volkswagen announce plans for new factories

**Carmakers BMW, Honda and Volkswagen, have announced plans for new factories and expanded production in China. BMW Brilliance's Plant Lydia was officially opened in Shenyang, Liaoning province.** With an investment of CNY15 billion, the plant is the biggest single investment in BMW's history in China. The opening of Plant Lydia is an important step for BMW Group's accelerated transformation to electrification. In 2023, the range of BMW Group electrified products in China will rise to 13 models, the group said. With the opening of Plant Lydia, the investment in the Shenyang Production Base totals CNY83 billion and overall production capacity is being increased to 830,000 units per year.

The opening of BMW's plant followed the groundbreaking for a **new electric vehicle (EV) assembly plant of Japanese carmaker Honda in Guangdong province.** Honda Motor said its joint venture with Guangzhou Automobile Group has begun building an EV plant with an initial investment of CNY3.49 billion. The goal is to have the factory in operation in 2024 with an annual production capacity of 120,000 units. Separately, **Volkswagen Anhui, a EV-focused joint venture in Anhui province, saw its first car body come off the assembly line,** an important sign of progress in the trial production of Volkswagen Anhui's first new-energy model. Production is expected to start in the second half of 2023.

The new factories of the joint ventures are mainly designed for the production of new-energy vehicles (NEVs), which could help the companies take advantage of a window of opportunity, build up capacity and enjoy the dividends of China's policy, Zhang Xiang, Research Fellow at the Research Center of Automobile Industry Innovation of the North China University of Technology, told the Global Times. "China is the world's largest market for NEVs with the most complete automotive industry chain in the world. For international car companies, seizing the policy dividend window to set up factories in China to expand production capacity is their best choice," Zhang said.

**China will extend the tax exemption on new-energy car purchases** and promote the used car market, as part of a plan to boost car consumption. Data from the China Association of Automobile Manufacturers (CAAM) showed that the production and sales of NEVs reached 466,000 and 447,000 units respectively in May, both showing year-on-year growth of 110%. Tesla's Shanghai output more than tripled in May as supply chains rebooted, and Tesla's locally made vehicle production hit 33,544 in May, a surge of 212% from April, the China Passenger Car Association (CPCA) said, as reported by the Global Times.

## Revised anti-monopoly law to take effect on August 1

The 35<sup>th</sup> meeting of the 13<sup>th</sup> National People's Congress (NPC) Standing Committee voted **to adopt amendments to the country's Anti-Monopoly Law, and the revised law will take effect on August 1.** The revision has closed certain loopholes in existing regulations in terms of abusing dominant market positions while improving the definition of illicit acts that threaten fair market competition for private firms. Analysts said the amendments will ensure the internet platform sector's sound and stable development in the long term. They are the first amendments since China's anti-monopoly law took effect on August 1, 2008.

A major revision of the legislation focuses on how to tackle the new challenges brought by the development of the digital economy and properly regulate the platform economy, as China's economy and society is developing fast, and the global economic environment is also shifting, making certain clauses of the existing anti-monopoly law incompatible with current and future needs. The revised law will establish and improve a fair competition review system, and formulate and implement competition rules compatible with China's socialist market economy, according to a Xinhua report. China's National Anti-monopoly Bureau, which was inaugurated in November 2021, will be responsible for enforcement of the law.

Liu Dingding, a Beijing-based veteran market analyst, told the Global Times that the past development of the platform economy in China started off with rapid expansion which was not properly supervised, and that regulations often only caught up afterwards. He added that the implementation of the revised law can ensure the industry as well as market entities develop at a fast pace under clear guidance. "It also shows that China's legislation is not static, but is in motion, addressing the demands of the public and the market," Wang Peng, Assistant Professor at the Gaoling School of Artificial Intelligence at the Renmin University of China, told the Global Times.

Previously, small- and medium-sized enterprises (SMEs) in the internet industry would be afraid to come out with innovations or ideas which might be mimicked by industry giants, while SMEs might not be able to defend their rights, Liu said. He added that as major market entities, SMEs will be more actively seeking out new innovations, which is beneficial to boosting the market economy over the long run.

## Use of e-yuan promoted during shopping festival

**Tech companies, commercial banks and local-level governments in China further promoted the use of the digital yuan (e-CNY) in the run-up to and during the June 18 or "618" shopping festival** and carried out trials in more fields like lending and tax refunds. On May 30 and June 9, the Shenzhen Municipal Government distributed red packets worth CNY30 million denominated in the digital currency via a lottery on Meituan. The money could be spend at 15,000 offline merchants as well as online for food delivery, ride-hailing and hotel-bookings. The total number of orders increased by 58.9% year-on-year and

the total order value rose by 64.6% year-on-year. Meituan users showed an enthusiasm for consumption using the e-CNY. From May 30 to June 19, the average daily number of orders on Meituan paid in e-CNY rose by about 115%, compared with the number from May 9 to May 29.

JD Technology, a subsidiary of e-commerce giant JD, joined hands with Bank of Communications (BoCom), Postal Savings Bank of China and Ping An Bank to distribute red packets worth more than CNY10 million in digital yuan from May 31 to June 18 in 23 areas participating in China's e-CNY pilot. During this period, the value of consumption on JD paid in e-CNY reached CNY400 million, exceeding the total value between December 2020, when JD started participating in the pilot, and May this year. The Agricultural Bank of China's branch in Taicang, Jiangsu province, issued a loan of CNY1.5 million in e-CNY to a new material technology company, which it used to pay one of its suppliers.

The People's Bank of China (PBOC) has published a circular to improve policies for cross-border renminbi settlement in e-commerce and other new modes of foreign trade. The circular, effective July 21, has enlarged the scope of transactions eligible for cross-border renminbi settlement that involves payment institutions from the goods and services trade to all transactions under the current account. It detailed requirements for banks and payment institutions to carry out settlement services and specified arrangements for authenticity verification and anti-money laundering.

Experts said the circular provides more detailed rules concerning cross-border renminbi settlement while enlarging the scope of eligible transactions. This will help meet growing demand for cross-border renminbi settlement from foreign trade companies in the face of greater flexibility in the currency's exchange rate. Making all transactions under the current account eligible for renminbi settlement will help enterprises avoid currency exchange risks when it comes to payment of expatriate salaries and repatriation of investment returns generated overseas. Use of the renminbi in cross-border trade amounted to CNY806 billion in May, up 33.84% year-on-year, according to Wind Info, the China Daily reports.

## China's Sunway supercomputer on a par with the world's most powerful

**Chinese scientists say a new supercomputer is so fast it has successfully run an artificial intelligence model as sophisticated as a human brain.** The achievement puts the Newest Generation Sunway supercomputer on a par with Frontier, the latest machine built by the U.S. Department of Energy, which earlier this month was named the world's most powerful. The Chinese team used the Sunway to train an AI model with 174 trillion parameters, rivaling the number of synapses in the brain. It could be used for the development of autonomous vehicles and facial recognition, as well as natural language processing, computer vision, life sciences and chemistry. The results were presented at a virtual meeting of Principles and Practice of Parallel Programming 2022, an international conference hosted by the U.S.-based Association for Computing Machinery (ACM) in April.

The latest Sunway has a speed of a billion billion operations per second, expressed as **5.3 floating-point operations per second (exaflops)**, and more than 37 million CPU cores – four times as many as Frontier. The Sunway, with nine petabytes of memory – equivalent to more than two million DVD-quality movies – and 96,000 semi-independent computer systems called nodes, resembled a powerful human brain, they said. Communication between the nodes at speeds of more than 23 petabytes per second simulates a change of mind. One researcher said the machine's parallel computing ability mimicked human thinking "like eating while watching television". By combining critical technologies such as hardware-specific intra-node optimization and hybrid parallel strategies at a scale never seen before, the scientists said they had achieved a "decent performance" from the unprecedented "brain-scale" AI model.

Like its predecessor the Sunway TaihuLight, the new supercomputer uses home-designed chips with unique features such as energy-saving and broad communication bandwidth. The TaihuLight, developed by the National Research Center of Parallel Computer Engineering and Technology in Wuxi, Jiangsu province, was number one on the Top 500 list of supercomputers from 2016 to 2018, before China stopped providing data to the Top 500. China has been developing three exascale supercomputers similar to the Sunway since 2016, the South China Morning Post reports.

## Beijing-Wuhan high-speed railway upgrades speed to 350 km/h

**The Beijing-Wuhan high-speed railway has raised its speed to 350 km/h, marking another milestone for China's infrastructure construction.** The high-speed railway between Beijing and Wuhan, Hubei province, a section of the Beijing–Guangzhou high-speed rail link, began operating at a standard speed of 350 km/h, up from 310 km/h on June 20, the fifth major railway route to reach that speed, according to China State Railway Group Co, the country's railway operator. The speed upgrade will increase the transport capacity of the route by 7%, equivalent to adding 15 high-speed trains from Beijing to Wuhan every day, or an increase of 18,000 seats, China Railway confirmed.

The Beijing-Wuhan railway section connects 12 high-speed railway lines and traverses the the Beijing–Tianjin–Hebei region, and city clusters in central China and along the middle and lower reaches of the Yangtze river, Zheng Pingbiao, Research Fellow with the China Academy of Railway Sciences (CARS) told the Global Times. "These are the key economic development regions in China. Strengthening connectivity between cities in this region is of great significance to the nation's economic and social development," Zheng said.

"It will be convenient for people to travel to Songshan mountain in Henan province, Chongqing and other tourist landmarks along the route, which can promote the development of tourism resources of provinces and cities along the line," Zheng said. With the speed upgrade, the traveling time from Beijing to Wuhan has been reduced to 3 hours and 48 minutes. The traveling time from Beijing to

Chongqing will be reduced to 6 hours and 46 minutes and time to cities in northwest China such as Xian and Lanzhou has been reduced to 4 hours 11 minutes and 6 hours 24 minutes respectively. The speed upgrade on the Beijing-Wuhan section of the Beijing-Guangzhou high speed railway followed the Beijing-Shanghai high-speed railway, the Beijing-Tianjin intercity railway, the Beijing-Zhangjiakou high-speed railway and the Chengdu-Chongqing high-speed railway, which earlier had successfully realized normal operation at 350 km/h, with a total length of nearly 3,200 kilometers.

**Beijing Fengtai Railway Station, the largest railway hub in Asia, also resumed operation**, another breakthrough in China's infrastructure construction after four years' renovation and construction. The reconstructed station has a gross floor area of nearly 400,000 square meters. It will be able to accommodate a maximum of 14,000 passengers per hour. The station will serve as the terminal for multiple arterial train lines in China, such as the Beijing-Guangzhou High-speed Railway and Beijing-Kowloon Railway and will serve 120 trains during its preliminary stage of operation. Beijing Fengtai Railway Station was built in 1895 in southern Beijing's Fengtai district. It has been used to provide both passenger and freight services until its closure in 2010. Reconstruction of the station commenced in September 2018, the Global Times reports.

## 99 projects signed in Shandong province

**China's eastern province of Shandong sealed foreign investment deals worth USD15.6 billion for 99 projects in various cities on June 20.** Global companies from 16 countries and regions, including Japan's Mitsui & Co and Germany's ZF Friedrichshafen, are among the signatories. The agreements were signed during the third Qingdao Multinationals Summit. Government officials and corporate executives said these deals signify that China will continue

to play a key role in supporting the stable operation of global supply chains, and facilitate multinationals to achieve better growth in its lucrative market. The big-ticket projects are mainly in the fields of high-end equipment and chemicals, new energy, new materials, information technology, finance, ocean development, agriculture and services.

Fourteen projects have a contracted foreign capital exceeding USD100 million each, and 61 projects exceed USD30 million each, said the summit's organizers, the Ministry of Commerce (MOFCOM) and Shandong's provincial government. With global transnational investment in manufacturing shrinking, China, with its huge market and complete supply chain, has attracted MNC investments in manufacturing and made significant contributions to global economic growth in recent years, said a business report released by the Chinese Academy of International Trade and Economic Cooperation, a think tank of the Ministry of Commerce (MOFCOM). The report stated that multiple factors like the rise of trade protectionism, the Covid-19 pandemic and the Russia-Ukraine conflict have reshaped the global supply chain, leading to a new round of restructuring. The scale of foreign investment in China's manufacturing sector has increased steadily, and MNCs' business performance also continued to improve in China, boosting their confidence to sustain or increase their investment in the country, said Gu Xueming, President of the CAITEC.

With China underlining digitalization, green transformation and industrial upgrade, the manufacturing projects invested by MNCs in the country have tended to be large-scale in recent years, covering the whole industrial chain. China has the potential to become a hotbed for research and development, especially for large MNCs. There is also enormous untapped potential in both trade in services and decarbonization in the country, according to Business Confidence Survey 2022, released by the European Union Chamber of Commerce in China, the China Daily reports.

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