

China Business Weekly

12 July 2022



FLANDERS-CHINA CHAMBER OF COMMERCE
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

FCCC/EUCBA ACTIVITIES

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



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

[**SUBSCRIBE HERE**](#)

PAST EVENTS

Webinar: What is your best way to market your B2B and B2C sales channels in China? – July 7, 2022



The Flanders-China Chamber of Commerce, with the support of Flanders Investment and Trade, organized a webinar focused on “**What is your best way to market your B2B and B2C sales channels in China?**”. This webinar took place on July 7, 2022.

Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, welcomed the participants to the webinar and introduced the topic. During this webinar you will learn about the alternative routes to market in China and how to facilitate your sales with the right digital marketing approach in both B2B and B2C channels. It is not easy to do business in China today due to the strict zero-Covid policy, but the quarantine period has been reduced to 7+3 days and the number of flights is increasing. We need to persist. China remains an important market for business and cannot be ignored. China's market offers long-time business opportunities. There is still a large untapped potential for growth in the Chinese market, also taking into account China's growing middle class.

In 2021 Flanders' exports to China fell by 5%, a backlash of the rise of pharmaceuticals in the corona year of 2020. China is Flanders' 9th export market. Flanders exported €7.2 billion to China, while imports reached €22.58 billion, an increase of 37%. The main export products of Flanders to China were chemicals and pharmaceuticals, machines, appliances and electronic equipment, and plastics. The main import products were machines, appliances and electronic equipment, transport equipment, chemicals, and pharmaceuticals. If you do business with China you need to have a long term strategy and you have to be fast and flexible in taking decisions.

Ms. Elena Robakidze, Business Development Manager at Ahlers, delivered a presentation on “Trade facilitation services and how to unlock your business potential in China”. Ms. Robakidze has a Master's degree in international trade and specializes in route-to-market solutions between Europe and China with five years working and living experience in Shanghai.

Ahlers China was founded in 1993. It is a **logistics company offering services far beyond logistics**, helping companies to set up operations in China. What is the best way to work with China and take advantage of its market? The traditional route-to-market was to find a local distributor who would manage everything, including Customs clearance. It was the distributor who was in direct contact with the customers. In today's “new normal” route-to-market there are different sales channels, including online. If you are not selling online in China today, you are not on the market. For many companies most of the sales are through online channels. This makes the route-to-market strategy more complicated.

The first question is: **what are the Customs requirements?** In some cases you need to send samples to China for testing before a certification is issued to allow you to sell the goods in China. The next questions are how Customs clearance should be done, how to deliver the goods and where to keep them in China. Stickers and labels in Chinese are also an important issue. The requirements depend on the goods. Next you need to identify customers and start deliveries, which includes issues of packaging. Finally there is strategic marketing and customer relationship management.

Ahlers has published “The Guide to China's Customs Procedures”. It is important to provide your Customs broker with as much information as possible to smooth the import process. You also need to be registered at the State Certification and Accreditation Administration of China (<http://ire.customs.gov.cn>). The information is in Chinese, but Google translate can help. You also need to know the documentation requirements, including signed contracts; commercial invoice; detailed packing list; certificate of export from the country of origin; hygiene or health certificate;

sample of the original and Chinese label; and inspection certificate. Documentation requirements will depend on the type or product.

China Inspection and Quarantine (CIQ) stickers and labels is something you can't avoid. They should be translated in Chinese and applied before the product will be shipped to China. The stickers can also be applied at a bonded warehouse in China. Those who have a legal entity in China will have a unified social credit code (USCC), a tax number which can be found on the license. Customs clearance in China is challenging due to the language barrier, the size of the country and cultural differences.

Once technical issues are solved and Customs clearance is done, you need to focus on the China sales channels, both online and offline. Ahlers is offering a **one-on-one free workshop on trade facilitation in China**. More information is available [here](#).

Ms. Gwenn Sonck: You can also contact the Customs Attaché, Mrs. Isabelle Bedoyan, at the Belgian Embassy in Beijing.

Mr. William August, CEO of Outlandish Group, talked about “Media content and digital marketing services in China: Live streaming and social commerce”. He has expertise in marketing, business development, social networking, service platform partnerships, short video production and online education. In 2015 he started his online KOL career on Chinese video platforms to connect with Chinese audiences. He has lived in China for 12 years and has three million followers across all platforms. He was the first western influencer on Bilibili in 2015 and has a very good understanding of how platforms work and how they evolved. Outlandish is a full-service digital-marketing agency based in Shanghai to help western and Chinese brands in China and now also Chinese brands abroad.

Internet penetration in China is not high compared to other countries at only 71.6% compared to 90% in Europe, but the efficiency is extremely high, as 79% of shopping is online, and 62% of users are watching livestreams, which is high compared to European markets. China is three to five years ahead. Social media is all about video. Video platforms are even more popular than mobile games. WeChat is the biggest social media app, a mixture of Facebook, WhatsApp and everything combined, including video. China is the biggest market for e-commerce in the world. There are not only marketplaces such as Tianmao, JD.com and Pinduoduo, but also social commerce such as TikTok or Douyin and Xiaohongshu. Many western platforms are now studying how the Chinese are doing.

The traditional model of e-commerce is “give me what I want”, while the new socially-driven commerce is “tell me what I should buy”. The top Chinese marketplaces are Taobao.com; Tmall.com; JD.com and Pinduoduo. Taobao and Tmall both belong to Alibaba. Taobao is like Ebay and Tmall is more like Amazon, but integrated into the same platform. If you're on one you can also search products on the other one. JD is the biggest competitor of Tmall and has shorter delivery times. Pinduoduo is group sales. Chinese people love to recommend brands and get discounts. It doesn't need to be cheap but it needs to be a good deal.

Two of the most popular social media platforms are WeChat and Weibo. Chinese people don't search for websites. They go to the instant messenger WeChat and search in the search bar for the official account. Essentially your website is on WeChat, which is very important to have for a brand. People go on WeChat to see a newsletter and go on Weibo to see what your reviews are. RED (Xiaohongshu) is the Chinese Instagram where 90% of users are women. Bilibili started as an anime site. It has a lot of people interested in western or Japanese culture but in recent years it has changed into the Youtube of China, where you can get the most loyal followers. Zhihu is the equivalent of Quora but is more popular than Google. It is key to improving your SEO in China. It is important for services where you want to be seen as an expert in. We recommend all of our brands to set up a Zhihu account, not only a company but also an employee account.

About 94% of Chinese internet users watch videos for an average of two hours a day. Two of the most popular short video platforms are Douyin (TikTok) and Kuaishou. In China, livestream shopping has become a billion-dollar industry. KOL will sell your product to their loyal followers and you can see their reaction instantly. Mr. August presented case studies of Fedex, the EuroEye Eye Clinic Shanghai, and Ralph Lauren.

A Q&A session concluded the webinar. **Can I promote a product that is not yet known internationally?** Mr. August: You can set up WeChat and Weibo accounts beforehand as a foundation. Once you start sales you can start pushing on different social media. It depends on your product, different types of audience will be on different platforms so you have to choose the most suitable platform to do the marketing on. If you are unknown you can go to influencers and see where you would get results. Ms. Robakidze: You can also use Tmall Global, so you don't have to send the goods to China. You can be located in Belgium and open a store on Tmall Global and see if anyone is interested in your product.

What about IP? Ms. Robakidze: We recommend to do the trademark registration before you send your products to China. If you open a brand store on Tmall you need to provide documentation that will confirm that you are the owner of the brand. It is possible to sell the product without trademark registration, but it is not recommended.

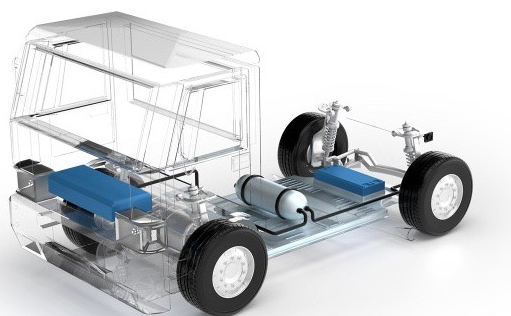
What can companies do in Covid-times to find customers? Ms. Robakidze: It is always good to have a person who understands the culture and speaks the language. During Covid this person can participate in exhibitions and establish the first connection with customers.

What are the three main points for success or failure on social media? Mr August: You have to localize. It's not

enough to put translated subtitles on a video. Also do not put branded products on a platform that is not suited to them. The wrong strategy based on preconceptions rather than listen to the experts can lead to failure. If you make Chinese people look not smart, it is not going to work out. Chinese people are very patriotic and if a western brand does that they will take offense. People will remember and not buy your products ever again. The platform will usually check the videos before they are uploaded and if they are negative the account will be deleted.

MEMBERS' NEWS

Umicore to build large-scale fuel cell catalyst plant in China to cater for accelerated hydrogen clean mobility growth



Umicore will invest in building a large-scale fuel cell catalyst plant in Changshu in China to capture the fast emerging growth in fuel cell technology. The plant will enable the accelerated transformation to hydrogen-based clean mobility, serving demand through to 2030. The greenfield facility is planned and prepared to be carbon neutral from the start and will contribute to reducing scope 3 emissions in the value chain.

Located in the northwest of Shanghai, the facility is expected to become operational by the end of 2024 and will be scalable to align with the growth of our customers. It will reinforce Umicore's leading technology and market position in Proton Exchange Membrane (PEM) fuel cell catalysts and complement Umicore's current pioneering production and R&D facilities in Germany and in Korea.

Umicore, as part of its circular business model, also recycles fuel cell catalysts to re-use their metals such as platinum, for fresh fuel cell catalyst production, reducing their Scope 3 CO₂ footprint. Fuel cell catalysts will be mainly used for long-haul, heavy-duty vehicles and to a smaller extent in mid- to light-duty vehicles.

Moore – MS Advisory publishes “The Complete Guide to Doing Business in China”



Moore – MS Advisory has published the 2022 edition of their publication “The Complete Guide to Doing Business in China”. Following is the introduction to the guide by Mr Raoul P. E. Schweicher, Managing Partner.

With China on a path to becoming the world's largest economy in the coming years, interest in the Chinese market remains high. While there is a large amount of knowledge widely available on doing business in China, it is often not

comprehensive enough for investors or entrepreneurs to get a complete understanding of what is necessary to start their China operation.

In this business guide we aim to provide you with necessary insight into key aspects of the local regulatory environment, investing and doing business in China. Through this guide you should obtain a fundamental understanding of the regulations and processes necessary to start and maintain a business in the Chinese market.

While many of the opportunities and challenges faced in 2022 are not new to China, there has indeed been a number of unforeseen circumstances that have unfolded, which have an impact on foreign investment. Despite the short- and medium-term impact of geopolitical events and pandemic restrictions, the long-term outlook still remains strong.

China has never been considered an easy place to do business. For companies who enter, there is neither a consistent state of good nor bad. It is an interesting market that offers innumerable opportunities to those who participate in it. The rewards and opportunities are not met without challenge though, and for all those businesses that have achieved success in the market there are plenty of others who have not succeeded.

After being in the Chinese market for more than 10 years and dealing with the companies across all industries, we have assisted a long list of companies with their numerous administrative and financial challenges that are inevitable when doing business in China.

You can download the Guide [here](#) .

Follow the Flanders-China Chamber of Commerce on [LinkedIn](#) – [Facebook](#) – [Twitter](#) – [Instagram](#)

HEALTH

Omicron BA.5.2 variant detected in four cities; Beijing reemphasizes vaccination; heightened vigilance across China



After 18 cases of Omicron BA.5.2 were detected at the the Zhaohui Renewable Resources Trading Market in Xian, some areas were put in lockdown and rounds of massive testing were ordered. All on-site dining and entertainment venues were closed for a week. The Omicron BA.5.2 variant has also been reported in Beijing, Shanghai, and Tianjin. Gao Fu, Director of the Center for Disease Control and Prevention, called for the development of updated booster vaccines, as China's inactivated vaccines are less efficient against the new variants. Sinopharm announced that an Omicron-specific inactivated vaccine developed by an institute under its subsidiary China National Biotec Group (CNBG) had been approved for clinical trials.

PCR tests were likewise conducted in Shanghai after

people linked to a commercial complex in Putuo district – were two cases were reported – had been moving across the city. Shanghai again designated certain areas as being high- or medium-risk for Covid-19 after detecting new infections linked to a KTV and a teahouse. Jin Lei, Deputy Director of Shanghai Culture and Tourism Bureau, noted that it is still too risky to allow entertainment venues where people gather in enclosed spaces to reopen. Since July 1, 25 art galleries, 29 museums and 84 A-level scenic spots in the city have reopened to the public. Authorities have also approved the gradual reopening of performance venues and cinemas starting on July 8.

The latest Beijing flare-up of 12 new cases detected on July 6 is believed to be a cluster infection caused by imported Omicron subvariant BA.5.2. **Beijing authorities announced that people without contraindications will need to be vaccinated before being allowed to enter crowded places** such as libraries, cinemas, gyms and entertainment venues. The measure enters into force on July 11. However only vaccinations with Chinese vaccines could be registered in the Health Kit app, causing concern among those vaccinated with foreign shots. But later a Beijing official said people with a negative PCR test taken within 72 hours could still enter those public places. Beijing city had fully inoculated 97.7% of its adult residents as of last September. Still, the city is especially urging the elderly to get vaccinated.

Meanwhile, Chinese authorities have taken heightened precautions against Covid-19 risks brought by imports and

inbound travelers amid a global resurgence caused by two highly transmissible Omicron subvariants.

Sinovac has kicked off a clinical trial in Hong Kong to assess the safety and immunogenicity of its Omicron-specific Covid-19 inactivated vaccine, which is intended to be used as a booster shot. A total of 300 healthy adult volunteers aged 18 and above who have been vaccinated with two or three doses of an inactivated or mRNA vaccine will be involved in the study. More than 80,000 people in Shanghai already took booster shots with different vaccines, a method called sequential immunization. People fully vaccinated with one of the three inactivated vaccines produced by Sinopharm and Sinovac Biotech are given the protein subunit vaccine made by Anhui Zhifei Longcom or a viral vector vaccine from CanSino Biologics.

While most companies suffer from the effects of Covid-19, a few benefit from it. **Sansure Biotech**, a Changsha, Hunan province-based in-vitro diagnostic (IVD) product producer specializing in molecular diagnostics and genetic testing, is **enjoying surging demand for Covid-19 test kits**. A nucleic acid test kit for detecting hepatitis B & C and HIV developed by Sanway Gene, its wholly owned subsidiary, has also received the CE certification. On a global scale, the IVD market is predicted to exceed USD130 billion by 2030, and China is likely to become the world's largest IVD market by 2030, according to a report by Xiangcai Securities, adding that foreign enterprises still dominate the

middle-to-high-end of the IVD market in China.

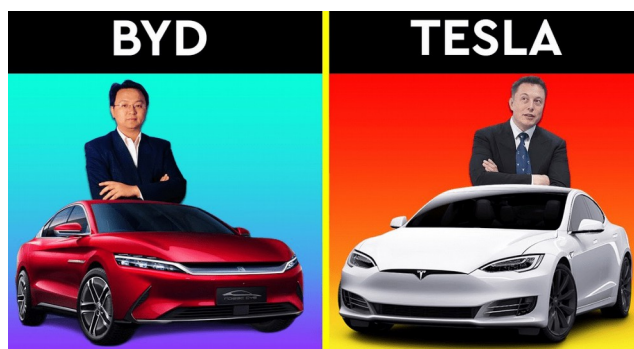
A shipment of the new drug Evushield to prevent Covid-19 infections in people who have compromised immune systems **has arrived at the Boao International Medical Tourism Pilot Zone in Hainan province**, the country's only dedicated area that enjoys special preferential policies to import medical devices, technologies and drugs. Boao Airport Customs completed entry approval for AstraZeneca's Evusheld injections with a total value of nearly CNY22 million. The drug has been approved by the European Union for medical application among adults and adolescents who are 12 years and older and weigh at least 40 kilograms, and has been authorized for emergency use by the Food and Drug Administration in the U.S.

A commentary in **the China Daily criticized** job recruitment agencies and employers for **discriminating against job seekers who had recovered from a Covid-19 infection** and volunteers who worked at temporary quarantine facilities. Some agencies said such people could not apply for jobs but the China Daily said such practices were outrageous and illegal, as discrimination based on gender, age, social and health status is strictly prohibited in China's Labor Law.

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

AUTOMOTIVE

BYD overtakes Tesla to become world's top-selling NEV maker



BYD Auto has outraced Tesla to become the world's top-selling new energy vehicle (NEV) maker, the latest sign of electric cars and plug-in hybrids gathering momentum in China. The Shenzhen, Guangdong province-based company **sold 641,350 NEVs, most of them in China, in the first six months, up 314% from the same period last year**, according to its filing to the Shenzhen Stock Exchange. That was nearly 80,000 units more than Tesla, which sold 564,743 vehicles from January to June. BYD outsold Tesla in 2018 but the U.S. carmaker had since accelerated its production and deliveries to rank No 1 on the list of NEV makers, until the first half of this year. Tesla said production suspensions earlier this year and other supply chain-related disruptions affected its sales.

Tesla said its Shanghai plant began resuming production in late April with a helping hand from local authorities, who held meetings to help facilitate the automaker's work. It fully resumed production last month. Analysts said the size of the Chinese vehicle market and Chinese automakers' race to electrification are helping boost sales. BYD quit the gasoline car business in March this year, becoming the first conventional carmaker worldwide to focus solely on the NEV segment. "Chinese carmakers are quicker to launch new models and they have a better understanding of local customer preferences. That is why they are likely to lead in the era of electrified and smart vehicles," said Edward Wang, Managing Director of syndicated research at J.D. Power China. Tesla CEO Elon Musk said in May that he expects some "very strong companies" to emerge in China and provide stiff competition to the company in the electric vehicle sector in the years ahead.

Statistics from the China Passenger Car Association (CPCA) showed that only three out of the 15 most popular NEV automakers selling cars in the country from January to May were foreign brands. Tesla ranked third, and Volkswagen's two joint ventures – FAW-Volkswagen and SAIC Volkswagen – occupied 14th and 15th place. Combined they had a 10.4% market share in China. In the first five months, NEV sales in China reached 1.89 million units, up 117% year-on-year. They accounted for 59% of the global total, according to the Association. NEV sales in June are expected to have hit a monthly record of 500,000

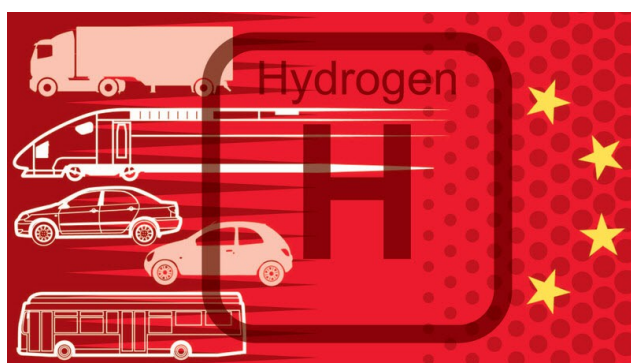
units as local authorities are offering financial incentives to boost car consumption, the CPCA added.

Besides established carmakers like BYD, startups also report increased sales. Nasdaq-listed Nio saw its monthly deliveries rebound to exceed 10,000 units in June, saying “production and deliveries have fully returned to normal in June”. Another four startups, including Xpeng and Nezha, each sold over 10,000 vehicles as well last month, consolidating their momentum seen in previous months.

Xu Huixiong, Auto Analyst at Essence Securities, said the NEV sector is boosting China’s overall auto sector. Its statistics showed that seven out of the top 10 electric models priced over CNY200,000 in 2021 were Chinese brands, with the three foreign models coming from Tesla and BMW. Xu expected that over 47% of EV models from Chinese brands will be premium ones priced over CNY200,000 by 2025. “Prior to 2021, over 90% of models at and above this price came from foreign brands,” he said, as reported by the China Daily.

INNOVATION

Shanghai identifies three priority sectors: low-carbon, the metaverse and smart devices



Shanghai has drafted separate action plans to promote three newly identified priority sectors: low-carbon businesses, the metaverse and smart devices, the city’s municipal government announced. It will strive to expand the market value of the three sectors to more than CNY1.5 trillion by 2025, local officials said. The three action plans are in line with the global trends in industrial innovation development. The proposed industrial layout in the three sectors will hopefully help transform and upgrade the city’s real economy, generate new business opportunities, unleash gigantic market value and accelerate growth momentum, said Wu Jincheng, Director of the Shanghai Commission of Economy and Informatization during a news conference in Shanghai. New policies and measures are planned to ensure the high-quality development of the three sectors. Organization, coordination, financial support, layout, talent, opening-up and collaboration will all figure in the list of new priorities, Wu said.

To reach the goal of CNY1.5 trillion in market scale by 2025, **Shanghai has launched new special industrial parks.** In addition, talented professionals and innovative teams will be welcomed, funds for the metaverse sector will be established, and innovative enterprises’ listing on stock exchanges will be supported, he said. There is immense scope for technological innovation and industrial expansion through high-quality development of the green and low-carbon sectors, he said. “By 2025, the industrial

scale of the green and low-carbon sectors is targeted to exceed CNY500 billion, and 10 industry leaders, 100 enterprises strong in core technologies, and 1,000 firms with expertise in certain niches will be developed.”

Qiu Wenjin, Deputy Director of the Shanghai Municipal Development and Reform Commission, said the city has designated **sustainable development of the hydrogen industry** as an important solution to achieve its carbon neutrality goals. After years of development, a complete ecosystem for fuel-cell vehicles has been formed in the city. This ecosystem includes 10 hydrogen filling stations and 30-kilometer-long hydrogen transportation pipelines. A medium to long-term plan for Shanghai’s hydrogen industry was published in May. The plan recommended construction of 70 hydrogen filling stations and three to five world-class innovative research and development (R&D) platforms. It also envisages 10,000 fuel-cell vehicles in operation in the future, Qiu said.

To nurture the metaverse sector, efforts will be made to apply the new technology in the transformation of the economy, everyday life and digitalization. The city plans to develop 10 metaverse enterprises with global competitiveness and 100 companies specializing in certain metaverse niches. The local metaverse sector’s scale is expected to reach CNY350 billion by 2025, Wu said. “Digital technologies like artificial intelligence (AI), blockchain, cloud computing and big data are key technological foundations for the development of the metaverse. In the city’s 14th Five Year Plan (2021-25) for digital economy development, we will enhance the layout of a complete industrial chain of the metaverse from fundamentals to applications,” Qiu said.

The development of intelligent or smart terminals will focus on creating well-known device brands and a solid ecosystem. Emphasis will be also on the development of smart devices and technologies like intelligent connected vehicles, smart robots, virtual reality, intelligent home appliances and smart wearables, the Shanghai Daily reports.

ADVERTISEMENT AND SPONSORSHIP

Interested in advertisement in the FCCC Weekly or on the FCCC website? Send an e-mail to info@flanders-china.be

CHINA NEWS ROUND-UP

Denmark's Danfoss considers China as its "second home market"

Danfoss, a leading Danish heating technology company, made its first investment in China in 1996 by establishing Danfoss (Tianjin) Co. After over two decades, the subsidiary has developed into a modern factory integrating research and development (R&D), new product testing and intelligent manufacturing. Dai Jian, General Manager of Danfoss (Tianjin) Co, said that with more than 10 production sites across the country, Danfoss always regards China as its "second home market". China has now become its second-biggest regional market and its largest purchasing market.

"We transferred a compressor production line from the United States to Tianjin last year. This year, eight to 10 production lines from Europe are expected to be transferred. All the new production lines will bring CNY800 million of output value annually to Danfoss Tianjin in the future, Dai said.

Driven by China's goals of peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060, Danfoss has made energy conservation and emission reductions a key development area in China and has continued to increase investment. In 2021, Danfoss announced it would invest CNY140 million to build a global refrigeration R&D and testing center in Tianjin. "It is our largest R&D center currently, and we expect to put it into use by the end of this year," Dai said. Being in line with China's development goals, enjoying multiple favorable policies and a promising business environment, are the main reasons for the company to develop and increase investment in China, Dai said.

In addition to Danfoss, **many foreign enterprises** have also set their sights on China's future development and **expanded their business in the country**. According to the 2022 China Business Climate Survey Report by the American Chamber of Commerce in China (AmCham China), two-thirds of the surveyed companies plan to increase their investments in China this year. With consumption upgrading accelerating in recent years, China's vast market, with over 400 million middle-income earners, is attractive enough for global investment, said Cong Yi, Professor at the Tianjin University of Finance and Economics.

In recent years, China has continued shortening the negative list for foreign investment and put into force laws and regulations including the Foreign Investment Law to protect the legitimate rights and interests of foreign investors. Even during the Covid-19 pandemic, China has made great efforts to stabilize industrial and supply chains and ensure the steady progress of major projects, which

further bolstered foreign companies' investment confidence in China, the China Daily reports.

Foreign Minister Wang Yi asks U.S. to improve relations

China has expanded its list of demands if the United States wants to improve relations, as U.S. Secretary of State Antony Blinken met Chinese Foreign Minister Wang Yi in Bali. Both characterized the talks as "constructive", with Wang saying they had created conditions for further high-level exchanges. But he added: "Sino-U.S. relations are still not out of the predicament created by the previous U.S. administration, and they are even facing more and more challenges," Wang said. He added that the U.S. wrongly sees China as a threat, saying: "If this 'threat' theory is allowed to further develop, U.S. policy towards China will be entering a dead end that it cannot exit".

Wang said China has presented Blinken four demands: remedial action for Washington to take; a list of Beijing's key concerns; U.S. legislation it wants changed, and eight areas where the two sides can cooperate. Details of the list were not made available. China had already presented a list of its key concerns and remedial action it wanted in July last year, including a call for visa restrictions on Communist Party members to be lifted and for fairer treatment of Chinese citizens in the U.S. The talks between Blinken and Wang on the sidelines of a G20 meeting in Bali lasted for five hours, including a lunch meeting. Topics discussed included the ongoing Ukraine war, Taiwan, Hong Kong and the U.S. presence in the Indo-Pacific region.

"Despite the complexities of our relationship, I can say with some confidence that our delegations found today's discussions useful, candid and constructive," Blinken told reporters after the talks. "The U.S. wants our communication channel with Beijing to continue to remain open." He also said the two nations can work on climate change, food security and global health, while Beijing said both sides had agreed to create better conditions for their consular and diplomatic officials.

In the talks, Wang accused the U.S. of not honoring a commitment to improve China-U.S. relations made during a virtual summit between Presidents Xi Jinping and Joe Biden in November. Wang said the U.S. is still building up its regional alliances to contain China, supporting moves towards Taiwanese independence, interfering with China's internal affairs under the guise of human rights and smearing China's political system, the South China Morning Post reports.

China's parcel delivery sector rebounds as Covid wanes

China is estimated to have handled 50 billion parcels from January to June, a year-on-year increase of 3.6%, showing the strong resilience of the nation's parcel delivery sector amid the Covid-19 pandemic, said the State Post Bureau of China. The sector's revenue in the first six months is estimated to have reached nearly CNY500 billion, according to the Bureau, which is the industry's regulator.

"In the first half of the year, the industry overcame the impact of the pandemic and other factors, and the scale of parcel delivery has rebounded rapidly after a brief decline, achieving positive growth and showing good development resilience," Wang Yuehan, Associate Researcher with the Bureau's Development and Research Center, said. "The average daily business volume has recovered to more than 300 million items, exceeding the level of the same period last year," Wang added. Shopping festivals, when online shopping giants offer bargains, and e-commerce promotions, have boosted the industry's recovery. The highest daily business volume exceeded 400 million items, Wang said.

The industry also saw a boom in sales of agricultural produce. With the sector's campaign to expand parcel delivery services in rural areas, more agricultural products can now be delivered to urban areas. As a result, the number of parcels containing agricultural goods has been growing steadily. Wang also said the nation's central region was a significant driver of the industry's development in the first half of the year, with growth in most central areas exceeding the national average. Wang also said that although the sector's cross-border business, affected by the pandemic and rising transportation costs, saw a decline in the first half of the year, the industry's ability to build global networks, construct international hubs and improve local delivery capabilities in overseas markets improved. In addition, the number of countries and regions reached by Chinese companies' international delivery services has increased, the China Daily reports.

Shenzhen to allow fully autonomous vehicles to run on certain roads

Shenzhen will allow fully autonomous vehicles to run on certain roads, as the city in Guangdong province unveiled the nation's first regulation for smart and internet-connected vehicles. The new regulation, scheduled to come into force on August 1, also clarified rules for liability in car accidents that involve autonomous driving, helping to fill the legal gap in China's smart car industry. Shenzhen is giving self-driving cars a legal "identity card", a key move in accelerating the commercialization of autonomous vehicles, experts said, adding that more legal measures and more testing experience are needed before widening such trials.

The new regulation said automakers don't necessarily have to equip fully autonomous vehicles with human driving modes and equipment, nor must they have human drivers. But such fully automated vehicles can only run on certain roads and sections designated by Shenzhen's

Traffic Management Department, according to the regulation, which was published on the official website of the Shenzhen Municipal People's Congress. Gu Dasong, Executive Director of the Transportation and Development Research Center at Southeast University, said the regulation did not specify what human driving modes and equipment are required. "But traditionally, such equipment could include steering wheels, accelerators and brake pedals used by human drivers." Removing steering wheels is one of the ultimate goals of autonomous driving, but it differs significantly from traditional car designs and it remains to be seen how Shenzhen will specify local standards, Gu said.

Chang Zhenting, Secretary General of the Autonomous Driving Industry Alliance for the Guangdong-Hong Kong-Macao Greater Bay Area, said by including self-driving cars in legislation, Shenzhen is pioneering legal efforts in China to accelerate the commercialization of autonomous vehicles, while ensuring public safety. Shenzhen is improving its legal framework for the research and development (R&D), production, purchasing and sale of autonomous vehicles, Chang said, adding that better vehicle-road coordination and more testing are needed before expanding this to other areas. The new regulation classified autonomous vehicles into three types: conditionally autonomous driving, highly autonomous driving and fully autonomous driving.

Yu Qian, CEO and Founder of QCraft, a Chinese self-driving startup, said, "China's autonomous driving industry is entering a golden development period, with policies becoming increasingly clear and open, and technologies and algorithms becoming more powerful," the China Daily reports.

U.S. pushes the Netherlands to block ASML selling lithography machines to China

China's Foreign Ministry Spokesman Zhao Lijian said that the United States is engaging in "technological terrorism" by pushing the Netherlands to ban a company from selling chipmaking technology to China. "It is another example of the U.S. practice of coercive diplomacy by abusing state power and wielding technological hegemony," Zhao said, referring to a Bloomberg report that said U.S. officials are lobbying their Dutch counterparts to bar ASML Holding from selling to China mainstream technology essential for making microchips. The Dutch government has yet to agree to any additional restrictions on ASML's exports to Chinese chipmakers, which could hurt the country's trade ties with China.

Zhao accused the U.S. of repeatedly seeking to politicize and instrumentalize economic and trade issues and imposing "technology blockades" and "technology decoupling" on other countries. "This will only remind all countries of the risk of being solely dependent on the U.S. in terms of technologies. And it will also prompt them to achieve independence and self-reliance in science and technology at a faster pace," Zhao said. "Those who seek to block others' way will end up being blocked on their own way," he added.

Zhao also urged relevant parties to uphold an objective and just position and make independent decisions based on their fundamental and long-term interests. The U.S. has long been seeking to hamstring competitive Chinese high-tech companies under all kinds of trumped-up charges in violation of the principles of fair competition, the market economy, and international trading rules. According to a document released by the Foreign Ministry in June, the U.S. has placed over 1,000 Chinese companies on various sanctions lists, subjected biotechnology and artificial intelligence technologies to enhance export controls and stringent investment reviews, and sought to ban Chinese social media platforms including TikTok and WeChat, the China Daily reports.

Separately, **China is seeing a chance to improve its self sufficiency in microprocessors**, the heart of every smart device, **through the open-standard RISC-V chip design architecture**. The China RISC-V Industry Alliance – an association promoting the standard locally – had 140 members as of December 2021. Hopes were high that RISC-V would enable China to crack the market for CPU designs, breaking the monopoly held by U.S. and British firms, and help the country achieve its strategic goal of self-sufficiency in chips. Intel's X86 is the dominant CPU standard for laptops and computers, while the instruction set architecture (ISA) from Arm, owned by Japan's Softbank, is widely used in smartphones. For Chinese firms like Nuclei, RISC-V provides an opportunity to catch up. Applications for RISC-V will come from smart home appliances, wearable gear, surveillance cameras, auto electronics, and industrial robots – which all have huge demand in China, the South China Morning Post reports.

Huawei launches new products to diversify revenue sources

Huawei launched a series of new products ranging from phones, smart watches, smart home systems to an electric car named the AITO M7 SUV, as it is still

seeking to diversify its sources of revenue amid the years-long U.S. sanctions. The products were unveiled at its flagship summer launch event held online and offline in Shenzhen, Guangdong province, home to its headquarter. The most eye-catching products are the Nova 10 phone series featuring strong photography capability with its self-developed HarmonyOS. He Gang, President of Huawei's mobile phone product line, said that the number of Nova users has reached more than 200 million globally as of June this year.

Another highly anticipated product was the new electric car after the company had emphasized its ambition in the vehicle sector several times, saying it will increase investment in autonomous driving and step up cooperation with carmakers, while reiterating its decision to stay out of manufacturing cars. Yu Chengdong, CEO of the Consumer Business Group at Huawei, said it has sold more than 10,000 units of the AITO M5 and delivered 11,296 units within just 87 days after the car hit the market. The AITO M5 was launched in December 2021 and started deliveries in March this year. "AITO has become the fastest growing smart electric vehicle brand," Yu said.

Huawei is increasing its investment and publicity in the non-mobile phone business. It is still hoping to find new growth points to offset the decline in the mobile phone business, Jiang Junmu, a veteran industry analyst, told the Global Times. Huawei's revenue continued to trend lower over the first quarter of the year, which came in at CNY131 billion, down 13.9% on the previous year. Its net profit margin shrank by 6.8 percentage points to 4.3% for the first quarter. Whether it can replicate the success of the mobile phone business in new markets such as auto accessories only time will tell, Jiang said. In a memo to company staff, Founder Ren Zhengfei said that Huawei must do a good job of open communication and eliminate all those who prevent opening up. "As long as people with conservative thoughts speak hesitantly, it is difficult to absorb the energy of others to improve themselves," Ren said, as reported by the Global Times.

Your banner at the FCCC website or newsletter

Companies interested in posting a banner/an advertisement on the FCCC website or FCCC weekly newsletter are kindly invited to contact the FCCC at: info@flanders-china.be

Organisation and founding members of the Flanders- China Chamber of Commerce

Chairman

Mr. Kurt Vandeputte, Senior Vice President Government Affairs, NV UMICORE SA

Vice-Chairman

Mr. Filip Coremans, Managing Director Asia, NV AGEAS SA

Secretary and Treasurer

Wim Eraly, Head of Corporate and Transaction Banking, NV KBC Bank SA

Executive Director

Ms. Gwenn Sonck

Members of the Board of Directors and Founding Members:

Mr. Kurt Vandeputte, Senior Vice President Government Affairs, NV UMICORE SA

Mr. Filip Coremans, Managing Director Asia, NV AGEAS SA

Mr. Carl Peeters, Chief Financial Officer, NV AHLERS SA

Mr. Philip Eyskens, General Counsel, Senior Vice

President Legal IP GRC, NV BEKAERT SA
Mr. Philip Hermans, Managing Director Activity Line Dredging, NV DEME SA
Mr. Wim Eraly, Head of Corporate and Transaction Banking, KBC Bank SA
Mr. Johan Verstraete, Vice President Weaving Machines, NV PICANOL SA
Mr. Luc Delagaye, Member of the Executive Committee, NV AGFA-GEVAERT SA

Membership rates for 2022 (excl. VAT)

- SMEs: €435 (excl. 21% VAT)
- Large enterprises: €1,080 (excl. 21% VAT)

Contact

Flanders-China Chamber of Commerce
Office: Ajuinlei 1, B-9000 Gent, Belgium
New telephone and fax numbers:
T ++32/9/269.52.46
F ++32/9/269.52.99
E info@flanders-china.be
W www.flanders-china.be

Share your story

To send your input for publication in a future newsletter mail to: info@flanders-china.be

The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com

Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.

FCCC FOUNDING MEMBERS



FCCC STRUCTURAL PARTNERS



With the support of



IN COOPERATION WITH



EU-China
Business Association
欧盟中国贸易协会