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

FCCC/EUCBA ACTIVITIES

Walking dinner with the new Flemish Economic Representative in Beijing, Mr. Koen De Ridder. Speech: Societal and economic tendencies in China (1949 to the present)
25 August 2022 – 18h – Ghent

The Flanders-China Chamber of Commerce, with the support of Flanders Investment and Trade, is organizing **a walking dinner with the new Flemish Economic Representative in Beijing, Mr. Koen De Ridder**. Before his departure to Beijing, Mr. De Ridder will give a presentation on **the societal and economic tendencies in China (1949 to the present)**. This activity will take place on August 25 at 18 h. in Ghent.

The presentation will be followed by a walking dinner, offering you the opportunity to exchange views with the new VLEV on your export or investment plans on the Chinese market.

Program:

17h30 – 18h00: Registration

18h00 – 18h05: Introduction by **Ms. Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

18h05 – 19h00: Presentation by **Mr. Koen De Ridder**, Flemish Economic Representative in Beijing (in Dutch)

19h00 – 19h30: Q&A session

19h30 – 21h00: Walking dinner

About the speaker:

Since June 1, Mr. Koen De Ridder is the Flemish Economic Representative in Beijing. Koen is a sinologist and has been Flemish Economic Representative in Guangzhou from 2003 till 2010. From 2011 till 2017 he worked in Hong Kong as Head Belgian Desk Greater China at one of the Big Four. From the end of 2017 he worked as International Advisor at UNIZO where he organized the Masterclass China Business (2018, 2019 and 2020) and the China module of the Masterclass International Entrepreneurship (2021). During his work at UNIZO, Koen remained active in the promotion of international trade and was a Member of the Board of Flanders Investment & Trade and the Agency for Foreign Trade. Koen's area includes Beijing, Gansu, Hebei, Heilongjiang, Henan, Jilin, Liaoning, Ningxia, Qinghai, Shaanxi, Shandong, Shanxi, Tianjin, Tibet and Xinjiang.

Practical info:

Date and time: 25 August 2022, 18 h.

Place: Cercle Royal La Concorde, Kouter 150, 9000 Ghent

Price for members: €75 + 21% VAT

Price for non-members: €95 + 21% VAT

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NEWS FROM OUR PARTNERS

Flanders Investment & Trade publishes market study on e-commerce in China

Flanders Investment & Trade has published a market study on e-commerce in China, available here .

In the introduction, FIT writes that e-commerce is booming in China. Since the outbreak of the Covid pandemic, Chinese consumers are shopping more offline than online. In 2021 the value of online retail of physical goods increased by 12% in China to CNY10.8 billion, or 24.5% of all retail sales of consumer goods in China. The focus in e-commerce is on sales of consumer products, a strong point of Flanders' exporters. The Chinese e-commerce sector is an interesting market for many Flemish companies, especially for food and beverage; cosmetics; personal care products; over-the-counter drugs and other daily use products.

Besides e-commerce for domestic trade, there is also Chinese cross-border e-commerce. This platform for import and export is relevant to Flemish exporters. In the first quarter of 2022, Chinese imports through cross-border e-commerce reached CNY124.1 trillion. However, not all products can enter China through e-commerce. By March 2022, China had approved 1,476 products that are allowed to be imported through cross-border e-commerce. You will read all about it in this report.

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HEALTH

Covid-19 hotspots move inland; PCR testing continues in Shanghai and Beijing

Most Covid-19 cases last week were reported in Gansu and Anhui provinces and in the Guangxi Autonomous Region. The city of Beihai in Guangxi, with a population of 1.9 million, already reported over 1,000 infections. Mass testing campaigns were launched and some parts of the city were locked down. Over 2,000 tourists who went to the city on holiday were stranded as they were not allowed to leave. The change from previous weeks is that most cases are now reported in smaller cities in inland provinces as opposed to the major metropolises of Beijing and Shanghai in the east of the country. Shenzhen vowed to "mobilize all resources" to curb a slowly spreading Covid-19 outbreak, ordering strict implementation of testing and temperature checks, and lockdowns for Covid-affected buildings. On the mainland, 21 provincial-level regions reported new locally transmitted infections in the past week, some being caused by BA.4 or BA.5.

In Shanghai, the mandatory weekly nucleic acid tests are to be extended till the end of August. After reporting no cases for seven days, a crew member of Air China returning from abroad and his wife tested positive in Beijing last week. Imported cases are the biggest risk facing the fight against the epidemic, Xu Hejian, Spokesperson of the Beijing Municipal government, said. Beijing has announced a citywide ban on hotels hosting weddings, as well as other events such as group banquets, as a few new infections in the community were reported. Hotels in the city are also required to restrict activities such as meetings, conferences and training sessions, while those in the "core area" are banned from holding them altogether.

The new subvariant Omicron BA.2.12.1 was found in Chengdu. So far 10 Omicron subvariants have been identified in China. Dong Xiaoping, Chief Virology Expert at the CDC, said compared with previous subvariants, BA.4 and BA.5 are more transmissible, but they result in roughly the same symptoms as others.

Vice Premier Sun Chunlan, the Chinese official leading the country's Covid-19 response, **has said the authorities are not relaxing controls** and urged cities to take decisive measures to contain outbreaks quickly. "All departments should overcome weariness and fatigue and the emergency response command mechanism must maintain an efficient state of operation to take practical action to ensure the successful opening of the 20th Communist Party Congress," Sun said.

Zeng Yixin, Deputy Director of the National Health Commission has confirmed that China's top party and state leaders have all been given Chinese-made Covid-19 vaccines. Zheng said the vaccinations show the high trust the party and state leaders have in Chinese vaccines. He added that foreign state leaders from over 30 countries, including Cambodia, Indonesia and Turkey, had also received vaccines made by China. The two most popular vaccines in China are those developed by Sinopharm and Sinovac. The authorities are trying to increase vaccine take-up rates as new, highly transmissible variants of Covid-19 emerge. The country is still holding on to its strict zero-Covid policy, but analysts have warned that it is becoming increasingly unsustainable. So far 71% of the mainland population have received boosters, but only 67% of the over-60s, Zeng said. Only 61% of those above 80 have received two jabs and 38.4% have received three shots.

The number of epidemic-related criminal cases rose rapidly in the first half of this year, the Supreme People's Procuratorate (SPP) said, as 1,316 people were prosecuted in 708 cases related to the epidemic. Many were charged with smuggling goods banned from import or export, illegally crossing the border, hindering the prevention and control of infectious diseases, fraud and transporting others illegally across the border, according to the SPP. Some sold unqualified medical protection suits. Some nucleic acid testing institutions have also been found violating epidemic prevention regulations.

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

IT & TELECOM

SenseTime forges ahead despite U.S. sanctions

SenseTime's Headquarter in Shanghai's Caohejing

In October 2019, Donald Trump's administration accused SenseTime, a Chinese face recognition company, of being an enabler of human rights abuses against Muslim Uyghurs in Xinjiang, and **last December, the U.S. banned American funds from investing in SenseTime**, in an escalation that forced the company to postpone the pricing of its stock sale in Hong Kong. But this has not deterred SenseTime. "Technology should be the global goal that we pursue for our collective future for all of humanity," said SenseTime CEO Xu Li, who received a doctorate in computer science from the Chinese University of Hong Kong (CUHK) before co-founding SenseTime. "It is regrettable that we are caught in the middle of geopolitical tension."

The White House placed SenseTime on a list of "Chinese military-industrial complex companies," holding the Hong Kong-based start-up responsible for "human rights abuse enabled by the malign use of technology," according to Deputy Secretary of the Treasury Wally Adeyemo. SenseTime rejected the accusation, but it was forced to delay its IPO. The sanction "gave us some trouble, but it did not take long before the management decided to proceed with the listing," Xu said in Shanghai's Caohejing, where facial recognition unlocks most doors throughout the seven-story building that houses 1,400 staff including engineers and computer scientists. **On December 20, SenseTime relaunched its Hong Kong IPO and raised HKD6.64 billion** in line with its original fundraising target, albeit without U.S. investors, some of whom were among the company's earliest funders, including IDG Capital, Qualcomm, Fidelity and Silverlake.

SenseTime's shares started trading on December 30, three weeks after the U.S. sanctions. It turned Xu into a multimillionaire at the age of 40, with 3.8% of the HKD93 billion. Xu and his co-founder Tang Xiao'ou pushed ahead with the listing to "set an example", showing that Hong Kong remained safe for fundraising amid the geopolitical tumult. "If we withdrew the listing, other sanctioned technology players would not be able to use this channel to list," Xu said. "It would also hit Hong Kong's status as an international fundraising platform." The group of founders, mostly alumni of the CUHK's information engineering school under Tang's mentorship, believe that technology should be left out of geopolitics, and be used instead by humanity as a force for good to improve people's lives. "The global productivity slowdown is affecting the world's economies," Xu said. "New technology is the key driver for breakthroughs in productivity, and hence future growth patterns."

Tang, Professor at the CUHK's Department of Information Engineering, is SenseTime's largest single shareholder, with a 26% bloc that gives him 70% of the voting rights of the company, founded in 2014. **SenseTime first made its name in 2015 when it developed a facial recognition algorithm that was 99.55% accurate**, beating the human eye's 97.5%. It is now Asia's largest AI software provider, and China's biggest provider of computer vision applications, with a 22% share of the industry, according to IDC's June report.

Revenue comes from one of four major businesses: AI-powered solutions for city and traffic management for local authorities, mainly in China. Shanghai's Changning district began using AI in its road management system in 2020, using 1,000 cameras as sensors for detecting illegal parking, flooding and other problems using algorithms. SenseTime's AI is also deployed in the digitalization of companies in finance, real estate and property management. Two applications are growth areas for SenseTime's AI: image processing on smartphones, metaverse-related applications and driver-assistance and autonomous driving systems in smart cars. The augmented reality (AR) content on Bilibili's live videos, including personalized avatars and the digital world for users to interact with virtual live-streamers were all enabled by SenseTime's AI. It served over 2,400 customers from big companies such as China Mobile, Honda Motors, 140 city governments, and Alibaba Group Holding, a pre-IPO investor in SenseTime.

"Our mission is to advance the interconnection of the physical and digital worlds with artificial intelligence, driving sustainable productivity growth and seamless interactive experiences," Xu said. "When the digital world becomes more like the physical world, technology can be better applied in many industries and that will lead to productivity breakthroughs." Advanced Digital Humans can acquire knowledge rapidly from various scenarios with the learning capabilities of artificial intelligence to become spontaneous experts of specific fields, according to the future sketched by SenseTime's white paper in May. Those digital humans can already be seen at the AEON Mall in Guangzhou in the guise of a shopping guide, and as an AI bot handling customers' queries at the Shanghai branch of the Bank of Ningbo.

"Most people agree that AI is good for industries, but the cost is too high," Xu said. "If you tell a company's boss that the AI-powered technology can help his investment break even in 50 years, he will prefer to use manpower."

The surging popularity of electric vehicles has offered SenseTime a game-changing break, as its AI can be applied in smart driving, intelligent cockpits and autonomous driving. With three of every five new cars on China's roads expected to be battery-powered by 2030, **SenseTime is aiming to install its AI in as many as 25 million cars over the next few years**, Xu said. SenseTime spent CNY2.45 billion on research in 2020, more than double the budget of the Beijing-based facial recognition company Megvii – sanctioned by the Trump administration in 2019 – and making it the largest spender among China's AI software developers. SenseTime's revenue may grow 37% to about CNY8.82 billion next year, from CNY3.45 billion in 2020, driven by more AI applications, expanding coverage among customers and cities, the South China Morning Post reports.

MACRO-ECONOMY

Shanghai's GDP down 13.7% in second quarter due to lockdown, Beijing's down 2.9%

Shanghai's economic output decreased 13.7% from a year earlier in the second quarter, and fell 5.7% in the first six months to CNY1.94 trillion. Industrial production and foreign trade recovered in June with a year-on-year growth of 15.8% and 9.6% respectively. In the first half, the three leading manufacturing industries – integrated circuits, artificial intelligence and bio-medicine – together contributed CNY180.551 billion to GDP, up 4.3% from a year earlier. Output of the IC sector rose 13.3% while that of AI soared 14.7%. Actually used foreign investment increased by 0.2%. The city also attracted 26 new regional headquarters and 10 new foreign research and development centers of transnational enterprises in the first six months. The per capita disposable income of residents in the first half fell 3.4% from the same period last year to CNY38,996.

"This reveals to us that **the most important thing for a city's economy is to ensure mobility and smooth flow of people**, capital, goods and information, just like a human circulatory system. We are in a market economy, an open one, which means all policies affecting mobility, and unexpected incidents such as pandemics, will have a large impact on the economy in the short term," the Shanghai Daily comments. Unlike other international metropolises such as New York and Hong Kong, about one quarter of Shanghai's GDP comes from the manufacturing sector, which cushioned the blow. The situation would be way more severe if the city had placed all bets on the service sector.

Manufacturing is not as fragile as services, and many industries can operate in a closed loop. Automation has also enabled many industries to replace human labor with robots, which is undoubtedly a big trend in the future. For the services industry to recover as soon as possible, the most important thing is to improve the capacities for pandemic surveillance, epidemiological investigations and nucleic acid tests.

Shanghai was also lucky that a large volume of transactions was carried out online and services could keep running with only a small number of staff on site when hit by a pandemic outbreak or a lockdown. According to the Shanghai Daily the biggest enemy of economic recovery and stability in the second half of the year is uncertainty. Shanghai's top priority should be to create a scientific, transparent and predictable policy environment, which is important for households, investors, entrepreneurs and businesses. Restrictive practices and redundant measures should be scrapped as soon as possible. Policies should be made clear to reduce uncertainty. Shanghai, with the most developed economy in China, should lead the country in innovations in all fields and take the lead in making use of the blow of the pandemic to substantially reduce government intervention and follow more closely the rules of the market. The city should allow and encourage the independent choices of market players, while the government's task should be to improve the policy environment, to eliminate all kinds of uncertainties, and to offer institutional support for fair market access and fair competition, effectively protecting the rights and interests of market players, according to Professor Zhang Jun, quoted in the Shanghai Daily.

Beijing reported a 0.7% year-on-year GDP increase in the first six months to CNY1.94 trillion, now equalling that of Shanghai. The industrial added value dropped 15.3% on a yearly basis in the first six months. Beijing's GDP reported a year-on-year increase of 4.8% in the first quarter and a 2.9% drop in the second quarter. The digital economy achieved an added value of CNY838.13 billion, an increase of 4.1% year-on-year at current prices, accounting for 43.3% of the city's GDP. The investment in the high-tech industry kept a rapid growth with a year-on-year increase of 78.1% in the capital during the period, driven by projects in sectors including integrated circuits, medicine and healthcare.

CHINA NEWS ROUND-UP

China-EU dialogue shows willingness to strengthen bilateral cooperation

China and the European Union held the 9th High-Level Economic and Trade Dialogue on July 19 to discuss topics such as the macro economy, industrial and supply chains, bilateral trade and investment, and financial cooperation. The dialogue was held by video link and co-chaired by Vice Premier Liu He and Valdis Dombrovskis, Executive Vice President of the European Commission. Chinese experts and analysts said it showed the two sides' willingness to strengthen bilateral cooperation, the China Daily reports. The two agreed on joint efforts to promote practical cooperation in the field of the economy and trade, and to jointly cope with the challenges facing the global economy. Ye Yindan, a researcher with the Bank of China Research Institute, said the economies of China and the EU are highly complementary and the two sides enjoy ample space and huge potential for economic and trade cooperation. Ye added this is especially true in fields including energy security, green energy, the carbon market, green finance, climate change, trade of digital information and communication technology, trade in digital products and the digital service trade.

"Against the backdrop of soaring inflation and the increasing risk of economic recession around the globe, Europe needs to import Chinese goods to help ensure stability, and it also needs to strengthen trade and investment cooperation in fields such as industries and infrastructure to gather new growth momentum," Ye said. "Meanwhile, Europe's advanced technologies, talents and management experience will help China promote industrial upgrading and green transformation of the economy." Citing risks faced by the EU from high inflation and economic recession, Ye said China-EU cooperation will boost European market confidence and improve market expectations for the future recovery in the region, which will help stabilize the economy and financial markets in Europe. It will also help China stabilize its external market and prevent a rapid decline in exports, thus helping support China's economic recovery in the second half of the year.

According to Chinese Customs data, China-EU trade in the first half of the year reached USD420.6 billion, an increase of 8.4% year-on-year. The number of trips made by China-Europe freight trains rose to 7,514 in the first half of the year, carrying 724,000 standard containers. The cargo trains have become a "stabilizer" and "acceleration valve" for smooth China-Europe trade, Wang Wenbin, Spokesperson of the Ministry of Foreign Affairs, said. Wang added that from 2016 to 2021, the annual number of China-Europe freight trains increased from 1,702 to 15,183, with an average annual growth rate of 55%. The annual transport value increased from USD8 billion to USD74.9 billion, and the number of main products increased to more than 50,000 types today.

Chen Jia, Researcher at the International Monetary Institute of the Renmin University of China, said the growth in China-EU trade has laid a solid foundation for the two sides to further deepen bilateral cooperation. Citing China's positive growth in the first half of 2022 despite pressures and challenges both at home and abroad, Chen said the nation's economy enjoys strong resilience and vitality, serving as a stabilizer for both sides to deepen cooperation in trade and investment. Liang Haiming, Dean of the Hainan University Belt and Road Research Institute, said China and Europe should strengthen their cooperation in the financial sector, and it is advisable for the two sides to expand the scale of bilateral currency swaps and settlement, which will help prevent risks and boost bilateral trade.

Xiao Song, Executive Vice President of Germany's Siemens Group and Chairman, President and CEO of Siemens China, said that despite the challenges posed by Covid-19, China is capable of maintaining high-quality growth, given its complete industrial chain, the China Daily reports.

But relations between China and the EU came under strain after a visit to Taiwan by Nicola Beer, one of the European Parliament's Vice Presidents. She told reporters upon arriving that "now is the moment to stand firm on the side of Taiwan", calling Europe and the island part of a "family of democracies".

Ride-hailing company Didi fined CNY8 billion for violations of data security

The Cyberspace Administration of China has imposed an CNY8.03 billion fine on ride-hailing service company Didi for data security breaches, citing the "egregious nature and grave violations" of the offenses. Chairman and CEO Cheng Wei and President Liu Qing were also fined CNY1 million each. An investigation found that Didi violated China's laws on network and data security and on the protection of personal information. Didi's illegal acts started in June 2015 and lasted seven years. It was also found to be deliberately hiding from regulatory scrutiny.

Breaches of the law were identified in eight areas, including collecting customers' phone screenshots, excessively accessing users' smartphone clipboard and application lists, collecting drivers' ID info and education background, analyzing passengers' transport and riding intentions, residential location and out-of-town trip information, and accessing unnecessary telephone information during car-pooling rides.

Didi also collected 64.7 billion pieces of personal data, including sensitive data like facial recognition, precise location and ID card numbers. The Cyberspace Administration opened the investigation into Didi last year following its initial public offering on the New York Stock Exchange (NYSE). The company was delisted one year later. The CAC also ordered Didi's apps removed from app stores and temporarily banned registration of new users, the Shanghai Daily reports.

Song Haixin, Senior Lawyer at the Jincheng Tongda & Neal Law Firm in Shanghai, said the Didi case focused on stricter regulation of data security. Instead of just paying lip service, **companies must devote large resources to beef up the protection of data and personal information**, Song said. "Companies tend to assume that the regulation of app data is usually conducted online. But the details of Didi's illegal practices show that the regulator conducted on-site investigations of the company, with a very comprehensive review of its management and storage of data," Song said. "Once investigated, any illegal data practices by a company could be found." Didi can still not accept new users, the China Daily adds.

No large-scale stimulus to attain growth targets

China will not use large-scale stimulus to reach its growth target of around 5.5% GDP growth this year, but it will maintain targeted macro policies, while refining coronavirus controls. **"**We won't resort to super large stimulus or excessive money printing to accomplish a high growth target. That will overdraw on the future," Premier Li Keqiang said at a virtual dialogue hosted by the World Economic Forum (WEF) with nearly 400 global business leaders. Li's comments come amid fresh concern about the toll of the zero-Covid policy on the economy, with growth slumping to 0.4% year-on-year in the second quarter and foreign companies becoming more frustrated with virus restrictions. The Communist Party's Politburo will hold a meeting this week to discuss the economy. The WEF event was attended by executives from some of the world's biggest companies, including Airbus CEO Guillaume Faury, and Jian Lu, President of LinkedIn China. Business leaders expressed concern about the state of China-U.S. relations, climate change, manufacturing prospects and China's consumption policies.

Li said the government will adjust its coronavirus control measures to be more targeted and well-calibrated, promising to improve visa access, testing policies and increase the number of international flights. "All international students may return to China to continue their studies should they so wish, and outbound commerce and trade activities and cross-border travel for labor services will be advanced in an orderly fashion," he told the WEF meeting. China would also seek common ground in trade disputes, while keeping industrial and supply chains secure and stable, Li added.

China's foreign direct investment inflows have held up, growing 22.6% to USD87.8 billion in the first five months of the year from the same period in 2021, according to the Ministry of Commerce (MOFCOM).

China will adopt policy measures to expand effective demand in order to strengthen economic growth and recovery momentum, according to a decision made at a State Council Executive Meeting chaired by Premier Li Keqiang. It was noted that China's economy is at a crucial stage of stabilization and recovery and that the third quarter is of vital importance. It is essential to efficiently coordinate an effective Covid-19 response with economic and social development, and further deliver policies to stabilize the economy, the China Daily reports.

Tesla to produce more vehicles in China than in the U.S.

Tesla is expected to produce more vehicles in China than in the United States, as its Shanghai plant has become the carmaker's largest manufacturing facility across the globe. The Shanghai facility is now able to produce 750,000 vehicles annually, 100,000 units more than Tesla's Fremont plant in California, according to the company's second-quarter financial report. They are followed by Gigafactories in Texas and Germany, each having an annual production capacity of 250,000 units. Tesla's first-quarter report showed that as of the end of March, the Shanghai plant's annual capacity was over 450,000 units. The carmaker made the Shanghai plant a major global export hub in the middle of 2021.

In the first half of this year, the carmaker sold 294,800 Shanghai-made vehicles, including Model 3 sedans and Model Y SUVs in China, of which 97,182 were shipped overseas, according to the China Passenger Car Association (CPCA). Tesla's exports accounted for 48% of China's new energy vehicle (NEV) exports from January to June. Grace Tao, Vice President of Tesla, told reporters in June that the Shanghai plant is the carmaker's most important production center and export hub, calling Shanghai-made Tesla vehicles a "business card of Chinese manufacturing". Tao said **over 50% of Tesla's global deliveries in 2021 were made at the Shanghai plant**, which is also the first wholly foreign-owned car-producing factory in the country.

Tesla vehicles are among the most popular cars in China – the world's largest market for electric cars and plug-in hybrids since 2015. Popular domestic NEV makers in China include BYD and Wuling. "Few seem to realize that China is leading the world in renewable energy generation and electric vehicles. Whatever you may think of China, this is simply a fact," said Tesla CEO Elon Musk in a Sina Weibo post in late May. Chinese electric vehicle manufacturers "are smart and hardworking, and I think any company that's not as competitive as them will obviously suffer a market share decline," Musk said.

Over 2.6 million NEVs were sold in China in the first half, and the total is expected to reach 5.5 million for the full year, said the China Association of Automobile Manufacturers (CAAM). Edward Wang, Managing Director of syndicated research at J.D. Power China, said Chinese brands are likely to lead in this age of smart EVs. Wang said Chinese carmakers usually have a better understanding of what local customers want and are quicker to adopt new technologies and launch new models. “Such innovation is injecting momentum into Chinese brands in a rapid, effective and continuous way,” he added, as reported by the China Daily.

Office leasing plans of more than three-quarters of MNC's in China not affected by Covid-19

About 4% of multinational companies in China have canceled their plans to either upgrade or expand office space, while nearly a fifth are rethinking whether to forge ahead with their previous plans, according to the latest survey from property consultancy JLL. But more than three-quarters of multinational companies in China said their plans were not affected by the pandemic. **“**Of MNCs surveyed, 77% said their leasing plans were not affected by the pandemic; 19% will re-evaluate their leasing plans after control measures are lifted,” the report said. “Only 4% have completely canceled their original expansion or upgrade plans.” Before the pandemic, more than half of the respondents had no plans for either upgrading or downsizing their offices, while 24% were looking to expand and 10% were set to upgrade. Meanwhile, 10% of the respondents were planning to downsize.

In MNCs’ five-year plans, 13% said they were likely to downsize, while 24% were not sure. On the other hand, **42% said they were likely to expand**, while 21% said plans were unchanged. The survey was conducted from June 1 to June 18 this year with 150 companies in industries spanning financial services, professional services, technology, media and telecommunications, trading, manufacturing, retail and life science. The survey was done after Shanghai lifted the lockdown restrictions that limited the movement of the financial hub’s 25 million residents for two months amid a surge in Covid-19 cases. More than a third of the respondents, 34%, had their headquarters in the U.S., followed by a quarter from Europe, and nearly a fifth from Japan. Two percent of the respondents were based in Hong Kong, while the rest were from other parts of the world. Firms with office space of over 2,000 square meters accounted for 59% of respondents, while the rest had less than 2,000 sq m. Over a third of respondents were MNCs with over 1,000 employees.

“MNCs have grown more accepting of hybrid accommodations – with a large share of employees working remotely – since China’s most recent wave of the pandemic,” the report said. “More companies are developing comprehensive commercial real estate (CRE) selection strategies with increased attention to strategic factors such as environmental, social and governance (ESG), company branding, talent retention and business continuity plans (BCPs).” Meanwhile, 27% of respondents also said they were planning measures for potential closed-loop management with layout plan adjustments such as allowing employees to stay overnight in the office and putting up storage for daily supplies to support employees staying in the office. Nearly a third, or 31%, were also discussing this possibility, the South China Morning Post reports.

Mineral resources group set up in Xiong'an to give China bigger say in iron ore pricing

A giant mineral resources group was set up in the Xiong'an New Area in Hebei province to give China a bigger say in iron ore pricing. With a registered capital of CNY20 billion, it will engage in exploration of mineral resources, ore mining, the import and export of minerals, as well as supply chain management services, investment activities and asset management services. The new mineral corporation's legal representative and Chairman is Yao Lin, Chairman of Aluminum Corp of China (Chinalco). Yao is the former Chairman of Ansteel Group, a state steelmaker based in Anshan, Liaoning province. China is using its strength as the world's largest consumer of iron ore to influence pricing. The firm was designed to be a platform to put together some domestic iron ore demand in a market-oriented manner, according to caixin.com.

Preparation for the new mining group dated back to mid-2020, with Yao nominated as the head of the preparatory team in the second half of 2021. The purchasing needs of state giants including China Baowu Steel Group, Ansteel, China Minmetals and Shougang Group would be included in the purview of the new Group. “China is looking to set up an iron ore purchasing group by the end of 2022 and build distribution centers at ports, as domestic industry players seek more bargaining power in iron ore trade negotiations and supply security,” according to a post on the website of S&P Global in late June, citing industry sources.

In March last year, He Wenbo, Executive Chairman of the China Iron and Steel Association (CISA), suggested that a national iron ore resources development group would coordinate overseas resources, and steadily push for the development and utilization of foreign resources, to ensure supplies. The new China Mineral Resources Group is seen as a game-changer for China's steelmaking, which has a huge size but limited bargaining power in the world. The industrial concentration of China's steel sector is weak. The crude steel output of China's top 10 steel-makers accounts for only 43% of the country's total output, while the four major foreign miners hold more than half of the world's iron ore resources. China imports 64.7% of its iron ore.

Global steel consumption has the potential to grow in the near future. China, as a major steel producer and consumer, as well as the largest importer of iron ore, should have “enough say” on the supply and market pricing of iron ore, Wu Chenhui, an independent industry analyst, told the Global Times.

Shoe brand Manolo Blahnik wins IP case in China

Manolo Blahnik, the shoe brand made famous by its celebrity fans and by regular appearances in the TV drama Sex and the City, says it has won a legal battle in China to use its own name, paving the way for the brand’s expansion across the country, The Guardian reports. The British company, named after its Spanish founder, said that the judgment was handed down by the Supreme People’s Court (SPC) last month, marking the culmination of a long-running legal battle. Manolo Blahnik has taken numerous actions against Chinese businessman Fang Yuzhou since 2000 to dispute the validity of trademarks Fang has filed related to the "Manolo Blahnik" name. "This is a meaningful victory for my uncle, our family and our team and I want to express gratitude to the Supreme People's Court of China for its thorough and careful consideration of our long-standing case," Chief Executive Kristina Blahnik, the niece of founder Manolo Blahnik, said.

While the Manolo Blahnik brand has been well known internationally since the 1970s, China is a "first to file" jurisdiction, which meant Fang's claim to the name as the first person to trademark it in the China market in 1999 was valid, as opposed to other countries which require companies to prove prior use or intent to use a trademark before it can be registered. Things have shifted somewhat in recent years, however, with 2019 amendments to China's IP laws taking aim at so-called "bad faith" filings. This has led to some high-profile wins for international brands in recent years.

In 2020, for example, China's Qiaodan Sports was blocked from using the silhouette of basketball star Michael Jordan as its logo, though it continues to be able to use its trademarked romanization of the Chinese version of Jordan's name (Qiaodan). Manolo Blahnik, which has only been available to consumers in China via third-party e-commerce platforms such as Farfetch until now, said it plans to expand its business into mainland China in the near future, though it did not disclose specific plans for market expansion, the Guardian reports.

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