China Business Weekly

2 August 2022

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

FCCC/EUCBA ACTIVITIES

Exclusive webinar with H.E. Jan Hoogmartens, Ambassador of Belgium in China Topic: “China in 2022: between lockdowns and Party Congress. What can we expect bilaterally? – August 23, 2022 – 10h00 CEST

The Flanders-China Chamber of Commerce has the pleasure of inviting you to an exclusive webinar with **H.E. Jan Hoogmartens, Ambassador of Belgium in China**. He will deliver a speech on the following topic:

"China in 2022: between lockdowns and party Congress. What can we expect bilaterally?".

This webinar will take place on **August 23, 2022,** at **10h00 am CEST** and is a members-only event.

The programme is as follows:

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

10h05-10h45: Speech by **H.E. Jan Hoogmartens**, Ambassador of Belgium in the People’s Republic of China

10h45-11h00: Q&A

Practical info:

Date and time: August 23, 2022, 10h00 - 11h00

Location: Online

Price for members: Free

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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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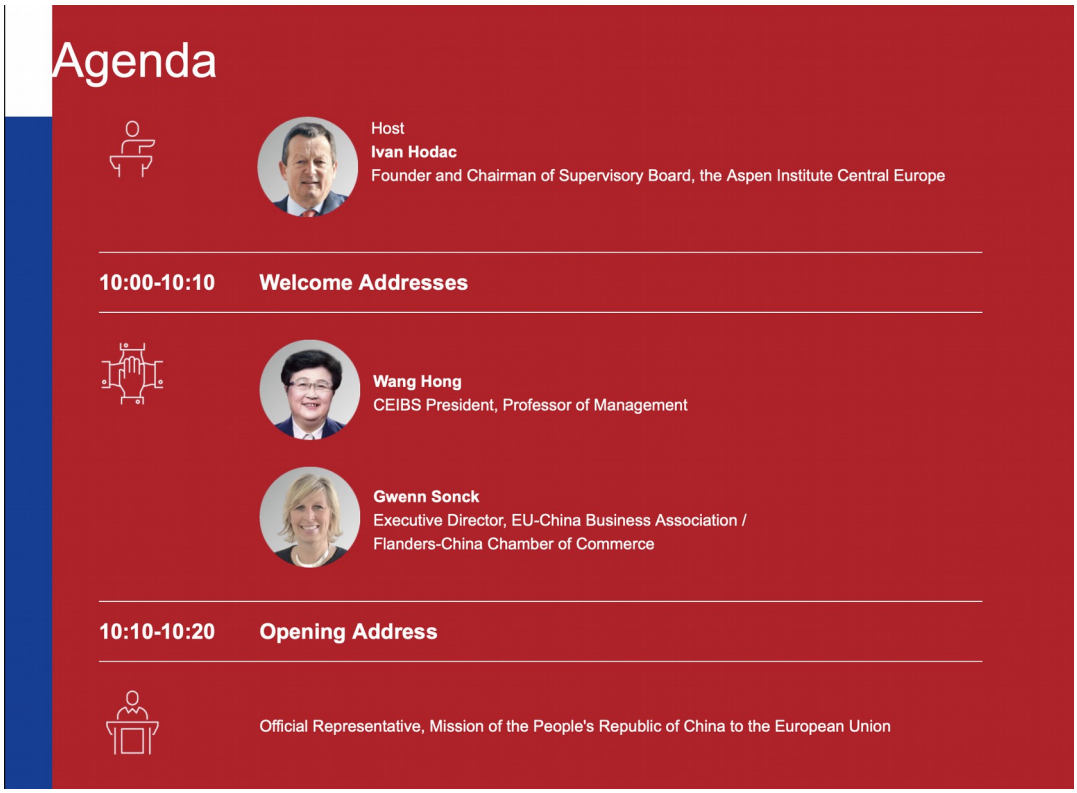
The 8th Europe Forum 2020 – Brussels: China-Europe Cooperation and Decarbonization – September 7, 2022

The China Europe International Business School (CEIBS) and the EU-China Business Association (EUCBA) are organizing the 8th Europe Forum 2022 on **"China-Europe Cooperation on Decarbonization"**. This event will take place in Brussels on **September 7 at 10h00 am** CEST.

Background

In response to global climate change, a formidable challenge for mankind in the 21st century, China is committed to advancing a green and low-carbon economic and social transition in order to reach peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060. In recent years, China has made huge strides towards these "dual-carbon" goals. The country's investment in low-carbon development is expected to cross the CNY100 trillion mark in the next 30 years, which will open up historic opportunities not only for China's economic growth, but also for cooperation between China and the world's other major economies, including the EU. In 2021, China-EU trade exceeded CNY800 billion and China has now become the EU's largest trading partner. In addition, with its technological strengths, the EU has been at the forefront of the global low-carbon transition. Stepping up China-EU cooperation will be crucial to achieving the "dual-carbon" goals and deepening China-EU relations.

Since its launch in 2012, the CEIBS Europe Forum Series has acted as a platform for dialogue between Europe and China. The 8th Europe Forum 2022 will be held in Brussels on September 7 under the theme of "China-Europe Cooperation on Decarbonization". Attendees will exchange ideas on the development path and cooperation opportunities for China and Europe's low carbon transition and building partnerships between government, industry, and academia.



10:20-10:40 Keynote Speech

Pascal Lamy
Distinguished Professor, CEIBS;
Coordinator of the Jacques Delors Institutes (Paris, Berlin, Brussels);
President of Paris Peace Forum;
Former Director General of WTO;
Former EU Commissioner for Trade

10:40-12:00 Discussions

Host

Ivan Hodac
Founder and Chairman of Supervisory Board, the Aspen Institute Central Europe

Panelists

Markus Beyrer
Director General, BusinessEurope

Kurt Vandeputte
Senior Vice President Battery Recycling Solutions, Umicore;
Vice President, EU-China Business Association;
Chairman, Flanders-China Chamber of Commerce

Wang Renxuan
Assistant Professor of Finance, CEIBS

Guido Giacconi
National Vice President, European Union Chamber of Commerce in China;
Co-founder and Chairman, In3act

Senior Executive
SAIC (Shanghai Automotive Industry Corporation) Motor

* Speakers are subject to change

CEIBS 中欧国际工商学院

#1 business school in Asia; both MBA and Global EMBA programmes ranked in the **top 20** globally by the *Financial Times*

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

EU-wide federation of national non-profit business organizations with specialization and particular expertise in exchange of knowledge on investments and trade with China

Unites 20 members in 20 countries representing more than **20,000 companies** in all branches of industry, commerce, and service sectors

Promotes direct investment and trade between China and the EU through international exchange of information and joint projects of its members

Date & Time: 10:00-12:00, September 7 (CEST) **Language**: English/Chinese **Venue**: Résidence Palace, Brussels

** The Forum Organizing Committee will review your registration and send out a formal confirmation letter once it has been approved.*

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Scan to Register

* Limited Seats Available, Please Register ASAP.

Co-Organizers: CEIBS 中欧国际工商学院 EU-China Business Association 欧盟中国贸易协会

Date: 07.09.2022
Location: Résidence Palace, Brussels
Price members: Free
Price non members: Free

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NEWS FROM OUR PARTNERS

EU SME Centre publishes report on SMEs in China and article on how to export pet food products to China

SMEs in China: Policy Environment Report – June 2022 Update

In recent years, the policy environment for small and medium-sized enterprises (SMEs) in China has undergone a significant transformation. Our new report sets out to provide an overview of the most significant developments affecting SMEs operating in the country.

While two-thirds of European businesses who took part in the European Union Chamber of Commerce in China's Business Confidence Survey 2022 continued to report revenues in China in 2021, stringent Covid-19 control measures and unpredictable lockdowns, combined with other factors, have dented business confidence.

SMEs are as a rule more exposed to disruptions in the economy and the Covid-19 pandemic was no exception: SMEs were the first to be hit and the last to recover. The Shanghai lockdown in spring 2022 proved particularly devastating to small businesses in the city and beyond.

The disruptions in business operations and increased uncertainty have prompted policymakers to take new measures and regulations to support the economy. In addition, 2021 saw the publication of the 14th Five-Year Plan for the Development of SMEs, which sets the agenda for future SME-related policies and regulations for the next half a decade.

Our report comprises an introduction to SMEs in China and an analysis of the current policy environment for SMEs in various areas, with a clear overview of the challenges and priorities that will contribute to shaping this environment in the coming years. Updated in June 2022 with the latest policies and studies conducted specifically on SMEs, our report is available for free download after logging in to the website here .

Article on how to export pet food products to China: market access requirements and procedures

Based on the research and analysis given by the EU SME Centre's report on the "Market for Pet Food, Supplies, and Services in China", dog and cat owners in urban areas of China are paying increasingly more attention to their pets' health and nutrition. Pet food, treats, supplies, services, as well as care and medical attention, are all seeing a surge in popularity amongst Chinese consumers. Companies operating within the pet product sector are witnessing an upward trend of sustainable growth, driven by consumers' preferences and demand for higher quality. You can find the article here .

HEALTH

Number of Covid-19 cases dropping in the past week, but no relaxation of testing

In Shanghai, the number of new cases dropped to zero, but regular PCR testing is still continuing. In Beijing, people still need to be tested every two to three days to be allowed to enter restaurants and office buildings, and take public transport.

Wuhan, the epicenter of the early pandemic, put Jiangxia district under temporary lockdown for three days after four asymptomatic cases were detected in the district, home to 1.05 million people. Some of the district's businesses and public transport have been shut down and access to all tourist sites has been suspended. During the lockdown, the district banned large group events and restaurant dining, closed public entertainment venues, produce markets and small clinics and suspended bus and subway services.

The possibility of a large-scale Covid-19 outbreak in Shenzhen, Guangdong province, has lessened. "All cases in the current Covid-19 resurgence in Shenzhen since July 15 have been detected at an early stage and the overall epidemic situation is well under control," Health Commission Official Lin Hancheng said. The outbreak included sporadic distribution in residential communities, but the number of new cases in communities has decreased in recent days, Lin said. Indoor spaces, including swimming pools, KTVs and bars in the city's key risk areas, have been closed and activities such as dancing in public squares suspended. Key enterprises including Huawei, Foxconn and automobile maker BYD continue operations within a completely closed-loop environment for seven days.

Health authorities in Guangdong province have rejected a proposal to give unvaccinated citizens a different health code and issued a rare warning against "excessive" Covid restrictions. The Guangdong health authorities said there was no national policy that supports an additional code and a blue code might cause inconvenience for some people because not everyone can get vaccinated.

Gao Fu, Director of China's Center for Disease Control and Prevention (CDC), is stepping down from the post he held since 2017 and will be replaced by Shen Hongbing, former President of Nanjing Medical University. A Deputy Director of the National Health Commission (NHC) said the change in leadership could bring about closer adherence to President Xi Jinping's directives. The leadership overhaul at the CDC comes as China continues to grapple with low vaccination rates among its elderly population, while implementing a zero-Covid strategy that included a stringent lockdown of Shanghai earlier this year.

Chinese vaccine firm CanSino Biologic's inhalation-

based vaccine shows a better antibody response as a booster against the BA.1 Omicron subvariant than Sinovac's shot, but the antibody level dropped in months, clinical trial data showed. China has given about 56% of its 1.41 billion population a booster dose using domestic shots, and most people were boosted with the same vaccine as their two previous shots.

The National Medical Products Administration (NMPA) has granted conditional approval for a homegrown oral pill to be used to treat Covid-19. Azvudine, developed by the Genuine Biotech Co based in Henan province, was first conditionally approved to treat HIV-1 infected adult patients with high viral loads on July 20 last year, but will now also be used to treat adult Covid-19 patients with moderate symptoms. Chang Junbiao, Vice President of Zhengzhou University and a leading contributor to the development of the pill, said that clinical trials show that the drug is effective against all emerging variants, including Omicron. The price would be much lower than Pfizer's Paxlovid pill, which costs about CNY2,300 per dose.

China recorded 32.3 million border crossing in the second quarter as authorities optimize Covid-19 measures, a quarter-on-quarter increase of 5.64% amid the growing demand of Chinese travelers to go abroad. Public security bureaus issued 214,000 regular passports, a rise of 41.8% compared with the first quarter and handled residence certificate applications for about 140,000 foreigners in China, showing a quarter-on-quarter increase of about 50%. Chinese Premier Li Keqiang promised to relax restrictions on international travel, including facilitating people-to-people exchanges.

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

FOREIGN TRADE

China's foreign direct investment surges 17.4% in first half of 2022

China recorded robust growth of foreign direct investment (FDI) in the first half, surging 17.4% on a yearly basis to CNY723.31 billion, said the Ministry of Commerce (MOFCOM). Foreign investment in China's high-tech manufacturing sector rose 31.1% on a yearly basis between January and June, while that in the high-tech services sector jumped 34.4%. In dollar terms, foreign investment in China rose by USD112.35 billion, a gain of 21.8%. By source, South Korea ranked first, with growth of 37.2%, followed by the U.S. with 26.1% and Germany with 13.9%. Chinese experts said that chips and vehicles are core areas of foreign investment. As for U.S. investors, Tian Yun, former Vice Director of the Beijing Economic Operation Association, said U.S. investment in China is mainly concentrated in the fields of new-energy vehicles and parts, as well as machinery and equipment.

China will make greater efforts to attract foreign investment and ensure national treatment for all overseas businesses in the second half of the year as the nation's economy is likely to rebound steadily despite challenges threatening global economic recovery, said government officials and analysts. The government will continue to optimize the business environment, improve services for foreign investors, strengthen regular exchanges with foreign companies and business associations and actively respond to their needs, said Chen Chunjiang, Director of the Foreign Investment Administration (FIA) of MOFCOM. While expanding the number of comprehensive pilot areas for the further opening of the service sector, the government will accelerate the revision of the industry catalog of sectors in order to encourage foreign investment, and guide foreign capital into fields such as high-end manufacturing and scientific innovation, as well as into central, western and northeastern regions, Chen said at a news conference.

Rapid FDI growth can be seen as a powerful rebuttal to some foreign media's "FDI withdrawal" hype, and shows that **short-term economic disruption caused by the pandemic won't undermine China's ability to attract global capital over the long run**, said Bai Ming, Deputy Director of the International Market Research Department at the Chinese Academy of International Trade and Economic Cooperation in Beijing. Global companies prefer China due to its highly concentrated supply chains, enhanced protection of intellectual property rights (IPRs), tight global links and lucrative domestic market, said Feng Yaoxiang, Director of the Trade and Investment Promotion Department at the China Council for the Promotion of International Trade (CCPIT) in Beijing. During a meeting of the Political Bureau of the Communist Party of China, policymakers stressed the important role of reform and opening-up in boosting economic development. They said the country should create a sound policy and institutional environment for enterprises of different types of ownership.

Yang Tao, Deputy Director of MOFCOM's Comprehensive Affairs Department, stressed that the fundamentals of China's economy in terms of its strong resilience, ample potential, wide room for maneuver and long-term

improvement will not change. FedEx Express said that it will put a new service center at Guangzhou Baiyun International Airport in Guangzhou, Guangdong province, into operation in 2027. “This move demonstrates our confidence in China’s economy and market growth as global trade recovers, and supports the country’s efforts to advance the dual-circulation growth pattern with smooth supply chain services,” said Eddy Chan, Senior Vice President of FedEx Express and President of FedEx China. Greg Holman, President of the China unit of Stryker Corp, a U.S.-based medical technology provider, said: “Even though the Covid-19 pandemic has created temporary challenges in the second quarter, these do not change our commitment to China. We will open our China Innovation Center in Shanghai next year”. BASF Coatings (Guangdong) Co said that it has expanded production capacity for automotive refinishing coatings at its site in Jiangmen, Guangdong province. With the completion of the expansion, its annual production capacity of these products will increase to 30,000 metric tons, and the company said its environmental credentials and sustainable solutions have been well-recognized by the local government, the China Daily reports.

China remains an attractive destination for global investment, as latest data showed major economies including South Korea, the U.S. and Germany continued to ramp up commitments to the Chinese market in the first half of this year, effectively disproving claims of capital outflow from China to other countries, adds the Global Times. Although supply chains were disturbed in the first half of this year by the epidemic, China remained a growth engine for global multinationals, and the Chinese government has vowed to make China a place where foreign enterprises “dare to invest.” "The data points to still-buoyant foreign investor sentiment in the Chinese market regardless of global gloom at large. This slammed earlier reports that multinationals hailing from the U.S. and European countries are fleeing the Chinese market and shifting their investment into other countries such as Vietnam and India," Zhou Rong, Senior Researcher at the Chongyang Institute for Financial Studies of the Renmin University of China, the Global Times reports.

Profits at China’s industrial firms bounced back to growth for the first time since March. Profits in June grew by 0.8% from a year earlier, rebounding from a 6.5% decline in May. For the first half of the year, profits were up by 1%. Foreign industrial businesses saw profits drop by 13.9% during the January-to-June period from a year earlier. Profits at private firms fell by 3.3% in the first half of the year. Profit growth at state firms accelerated by 10.2%.

IT & TELECOM

Huawei launches HarmonyOS 3

Huawei launched an updated version of its proprietary operating system HarmonyOS 3 as a further step in countering U.S. sanctions, with more than 300 million Huawei devices already running HarmonyOS 2, making Harmony the fastest-developing OS in history. The company also launched a series of new devices with HarmonyOS 3 installed, including a MatePad Pro, WATCH 3 Pro, its first color printer and other devices. The latest OS offers an improved HyperTerminal, smoother performance, and privacy and security. The HarmonyOS 3 HyperTerminal supports 12 kinds of smart devices including printers, smart glasses and car devices, the company said.

“So far, the number of Huawei devices running HarmonyOS 2 has exceeded 300 million, and shipments of HarmonyOS Connect products have exceeded 170 million,” Huawei Senior Executive Richard Yu told the launch event. After several years, HarmonyOS has entered a virtuous cycle of development and has initially gained a firm foothold in the era of the Internet of Things (IoT), as it is faster than Apple's iOS and Google's Android, Industry Analyst Ma Jihua told the Global Times.

The Shenzhen-based telecoms company launched HarmonyOS in August 2019, three months after Google stopped providing its mobile software to the company due to U.S. sanctions. Rather than being a replacement, the company stressed that the OS can also be deployed across multiple devices, including smartphones, computers and other electronic devices.

“The 300 million installs means HarmonyOS has survived, which already exceeded many people's expectations, but one of the biggest problems is, without hardware, especially the mobile phone as the center of all terminals, software is difficult to promote,” an industry analyst who asked not to be named told the Global Times. Huawei's smartphone business, which once generated more than half of its revenue, suffered a huge slump in recent years, and it was forced to sell its smartphone unit Honor in 2020 as U.S. sanctions bite. According to the latest data released by Counterpoint Research, **in the second quarter of 2022, Huawei only accounted for 6.9% in the Chinese smartphone market.**

The more than 300 million installs are mostly upgrades from old Huawei users, since stocks are limited. In the future, the company might have to rely on equipment from other manufacturers to increase the use of Harmony OS, the person said, noting that encouraging more hardware manufacturers to use Harmony will be a major barrier for

Huawei to develop further. Industry Analyst Jiang Junmu said that the pace of Harmony development had slowed down. “From June 2 to September 12 last year, Harmony reached 100 million devices within only 100 days, but it took seven months from 220 million as of December last year to get to 300 million,” the Global Times reports.

CHINA NEWS ROUND-UP

China accounts for 59% of global NEV sales

In the first half of 2022, new energy vehicles (NEV) sales in China accounted for 59% of the world's total NEV sales, thanks to the country's strong supply chain and market demand, Cui Dongshu, Secretary General of the China Passenger Car Association (CPCA), said. In the first six months of 2022, NEV sales in the world reached 4.21 million units, up 71% year-on-year. Among them, 880,000 vehicles were sold in June, an increase of 46% year-on-year. From January to June, 2.34 million NEVs were sold in China, surpassing the 1.09 million units in the European market and 500,000 in North America. Due to the downturn in the NEV market in Europe affected by the Covid-19 pandemic and the Russia-Ukraine conflict, China's NEV sales gained weight, accounting for 59% of the world's NEV sales, Cui said.

“That China drives the world's NEV sales in the first half of this year was mainly boosted by the strong growth of domestic NEV consumption and stable supply chain,” Cui noted. China's NEV market growth is partly due to surging consumption, tax exemptions and other government policy measures. **The penetration rate of NEVs globally** has continued to rise, which **now stands at approximately 10%. In China, NEV penetration has reached 22%**, while the rate for the U.S. is only 7%. As Europe, the U.S. and other parts of the world increase their penetration of NEVs, the world's NEV market will enter a new phase of strong development, Cui said, as reported by the Global Times.

Industry association set up to promote use of e-yuan

An industry organization has been established to promote the development of the digital renminbi industry in China, with technology heavyweights such as Huawei Technologies Co and banks such as Industrial Bank among its first batch of 37 members. The move comes as China expands digital renminbi trials in more cities and aims to build a robust ecosystem for its digital currency. The Digital Renminbi Industry Alliance was unveiled at a forum of the fifth Digital China Summit in Fuzhou, Fujian province. The alliance was jointly set up by Huawei and Newland Digital Technology Co, a Fuzhou-based company that has been involved in trials of digital renminbi in many cities, and engaged in the Internet of Things (IoT) devices such as point of sales (POS) machines and big data technologies.

Fan Yifei, Deputy Governor of the People’s Bank of China (PBOC), said at the Fuzhou forum that as pilot cities for digital renminbi operations, Fuzhou and Xiamen in Fujian province have seen rapid development in promoting its use in people’s daily lives such as shopping, transportation and entertainment. Meanwhile, the two cities came up with special application scenarios. Fuzhou, for instance, uses the digital currency to offer more convenient financial services for Taiwan-based enterprises that do business with the Chinese mainland, including piloting the use of digital renminbi for currency conversion and tax payments, Fan said. The central bank will support Fujian to explore its advantages in the digital renminbi industry, and create more application scenarios and business models, Fan said. During the fifth Digital China Summit, Fuzhou issued digital renminbi red envelopes worth CNY20 million to spur consumption.

Wang Jing, Director General of the Digital Renminbi Industry Alliance and Chairman of Newland Digital Technology, said the new alliance is dedicated to aligning the development of digital renminbi with the nation’s broader Digital China strategy, advancing the new information infrastructure for digital currency, and promote joint technical research, sharing of technology and knowledge in the area. The alliance will promote joint innovation, as it can integrate resources from government agencies, financing institutions, research bodies and parties involved in promoting the application of digital currency, Wang said.

The alliance’s members also include several State-owned banks, according to Newland Digital Technology which claims to be the second-largest supplier of POS machines for financial payments in the world. As a legal digital currency, digital renminbi will fully respect privacy, ensure the protection of personal information, and do a good job in risk prevention, Mu Changchun, Director General of the Digital Currency Institute of the PBOC said. The number of stores that support digital renminbi payments has reached 4.6 million, the China Daily reports.

China set to break record in installation of solar capacity

China's expected new solar capacity in 2022 is on course to reach a record. Total installations are expected to further gain momentum to between 80 gigawatt and 100 GW this year, breaking last year's record of some 55 GW, said Wang Bohua, Honorary Chairman of the China Photovoltaic Industry Association (CPIA). China built 30.88 GW of new solar power capacity from January to June, up 137% from a year earlier, while the total installed capacity of solar power increased by 25.8% year-on-year to 340 million kilowatts, Wang said. Investment in the country's renewable energy market has witnessed rapid development during the first half of this year. Investment in solar power generation projects increased by 283.6% year-on-year to CNY63.1 billion in the first six months, said the National Energy Administration (NEA).

Photovoltaic module exports were also rising, with the volume reaching 78.6 GW in the first six months, up 74% year-on-year, while the total export of PV products also hit a new high of around USD25.9 billion, up 113% year-on-year, the CPIA said. An analyst said the rocketing growth, both in investment and newly added installed capacity, was a result of supportive domestic policies for new energy development in the country as it's in full swing to transition to a low-carbon society.

More than 90% of the European market's solar component supply is coming from China, leading to consistent surging exports of Chinese solar components, despite the climbing raw material costs, said Jiang Yali, Solar Analyst at BloombergNEF. While surging energy prices are also driving large-scale utility installation, Europe needs to rely on China in the short-to-mid-term due to its relatively small scale of manufacturing capacity, Jiang said.

China, the world's largest producer of wind and solar energy as well as the largest domestic and outbound investor in renewable energy, is already leading in renewable energy production, according to the Center for Strategic and International Studies. **New rules to restrict solar developers from building on arable land or coastlines and riverbanks, could however threaten future capacity growth.** To more than double its renewables capacity to 1,200 GW by 2030, up from 635 GW at the end of last year, China has been developing large-scale renewable energy bases in desert regions to fully take advantage of the sufficient solar and wind resources in the regions.

The country's total installed capacity for renewable energy generation rose to 1.1 billion kW during the last 10 years, with the generation capacity of hydropower, wind, solar and biomass ranking at the top in the world, the NEA said. The combined installed capacity of wind and solar power has reached 670 million kW, almost 90 times that in 2012, cementing China's role as a global leader in renewable energy capacity growth. During the 14th Five Year Plan period (2021-25), China's renewable energy generation capacity is expected to account for more than 50% of the total and the generation capacity for wind and solar power is to be doubled, the China Daily reports.

SMIC succeeds in producing 7 nm chips

Semiconductor Manufacturing International Corp (SMIC), China's top chip maker, has likely gained the ability to produce 7-nanometer chips, according to Canadian tech analysis firm TechInsights, marking a significant breakthrough as China aims for technological self-sufficiency to counter U.S. sanctions. TechInsights researchers reverse-engineered a sample chip made by SMIC, extracted from a cryptocurrency mining machine. Analysts and industry professionals believe it is technically possible for SMIC to produce 7 nm chips with existing deep ultraviolet (DUV) systems, under the leadership of co-CEO Liang Mong Song, a chip-making expert who was previously an executive at industry-leading Taiwan Semiconductor Manufacturing Co (TSMC). SMIC has not made any public comment about the possibility that it has achieved 7 nm capability, even though the type of chip that TechInsights analyzed has been in production since July last year. SMIC declined to comment on TechInsights' report.

While SMIC's improved capability could mark a technological milestone for the Shanghai-based company, some experts question the commercial viability of using less advanced DUV systems, which are used in a wide range of chip-making processes, to produce 7 nm chips. "In theory, I believe DUV's limit is 7 nm, but the yield and performance may not be great at that limit," said Woz Ahmed, Managing Director of consultancy Chilli Ventures and former Chief Strategy Officer at British semiconductor and software design firm Imagination Technologies. Most industry players are using extreme ultraviolet lithography (EUV) systems to produce 7 nm or more advanced chips. Moreover, the transistor density, power and speed characteristics of 7 nm chips made by different manufacturers can vary widely, Ahmed added, so it may not be meaningful to compare SMIC's chips with those produced by rivals.

The findings come as **the U.S. government continues to lobby authorities in the Netherlands** – home to key semiconductor equipment supplier ASML – **to further restrict sales to SMIC.** The company, which was put on a U.S. entity list in December 2020, is already unable to import equipment for making chips below 10 nm, including the latest EUV machines. It currently relies on less advanced DUV systems from ASML to expand its capabilities, focusing on using mature 28 nm and above technologies to produce chips for cars and home appliances, rather than for high-end smartphones and tablets, which have moved onto more sophisticated chips.

News that SMIC may have achieved 7 nm capability could be enough to "trigger more U.S. restrictions to tame the rise of China's semiconductor industry", said Arisa Liu, Senior Semiconductor Research Fellow at the Taiwan Institute of Economic Research. SMIC says its most advanced technology is 14 nm, the South China Morning Post reports. Even it it is able to produce 7 nm chips, SMIC remains one to two generations behind TSMC and South Korea's Samsung Electronics.

Economic priorities for the second half of the year formulated

The Chinese Communist Party set out priorities for its economic policies in the second half of this year, pledging to enable its macro policies to play a proactive role in boosting demand and to increase credit support to businesses in a bid to attain the best possible economic growth this year. A meeting of the Political Bureau of the CPC chaired by General Secretary Xi Jinping highlighted the need to consolidate the momentum of economic recovery, stabilize the job market and commodity prices, and maintain major economic indicators within a proper range.

The tone-setting meeting came after China's economy grew 0.4% year-on-year in the second quarter of 2022, posting 2.5% growth in the first half of the year, as the world's second-largest economy was battered by a surge in Covid-19 cases in Shanghai and other manufacturing hubs in eastern China. China set the target of around 5.5% for its GDP growth in 2022 during the annual session of the National People's Congress (NPC) in March this year. In coordinating efforts to fight the pandemic and pursue economic and social development, the meeting highlighted the need to adopt a comprehensive, holistic and long-term perspective, saying that political considerations should be the priority.

The Politburo Members reaffirmed the nation's dynamic zero-Covid strategy, saying that new outbreaks must be contained immediately and there should be zero complacency in fighting the pandemic. The monitoring of new variants of the coronavirus and the research and development of new vaccines and pharmaceuticals should be stepped up, they said. The meeting pledged support to local authorities to take full advantage of special-purpose bonds, which totaled CNY3.65 trillion this year.

The government will ensure reasonable and ample liquidity in monetary policy to scale up credit support to businesses and put new loans from policy banks and investment funds for infrastructure to proper use. The meeting highlighted the need to bolster the stability and global competitiveness of industry and supply chains, ensure unimpeded transportation and logistics, and support the nation's central and western regions in improving their infrastructure and business climate. The nation will reinforce its efforts to ensure food security, improve its ability, guarantee the supply of energy and resources, and plan the development of a system for the supply and use of new energy.

Homebuyers seeking to meet their basic needs and those trying to improve their housing conditions will receive support, and local authorities must ensure that real estate developers deliver their projects. The meeting underscored the need to properly defuse risks from village and township banks in some areas and crack down on financial crimes. It reaffirmed the importance of promoting the standardized, healthy and sustainable growth of the platform economy, the China Daily reports.

First automated terminal goes into service at Nansha Port

A fully automated terminal, the first of its kind built in the Guangdong-Hong Kong-Macao Greater Bay Area, began operations at Nansha port in Guangzhou, capital of Guangdong province. This is part of the fourth phase of the modernization of Nansha port, combining multimodal services related to sea, river and railway transportation in the area, according to the Guangzhou Port Group. Operation of the terminal will promote comprehensive cooperation among Guangdong, Hong Kong and Macao, the company said. Development of a joint shipping and logistics trade center and construction of a world-class port cluster in the Greater Bay Area has become part of that plan, which was issued in June by the Chinese government.

The first fully automated container terminal built by domestic scientific and technological enterprises and institutions includes four 100,000 metric-ton berths and their supporting container barge berths. Construction of the new terminal began in late 2018, having integrated advanced technologies such as Beidou navigation, 5G communications, artificial intelligence (AI) and autonomous vehicles. The terminal is using automated equipment and information systems. More than 60 patents, including 31 classified as invention patents, were filed. After starting operations, the new terminal will be integrated with Nansha port's other terminals to form a specialized and large-scale terminal cluster, helping to greatly improve the port's handling capacity. The new terminal has a designed annual throughput of 4.9 million TEU. The annual container throughput of Nansha port is expected to exceed 24 million TEU.

The terminal has also become a green environmental protection demonstration project in the port industry, as it achieves zero emissions, using technologies such as new generation of Internet of Things (IoT) sensing, big data analysis, artificial intelligence (AI) and other advanced technologies, said Lionel Ni, President of the Hong Kong University of Science and Technology. "It will provide exemplary solutions for the upgrading of automation and the transformation of traditional terminals in the world," Ni said. The university has teamed up with the port company and other domestic research and equipment enterprises to incorporate new technologies into construction of the smart terminal, which includes driverless intelligent guided vehicles and a low-speed automatic rail crane, said Ni, as reported by the China Daily.

Tianjin Bonded Zone second-largest in the world for aircraft leasing

Tianjin Dongjiang Comprehensive Bonded Zone delivered its 2,000nd aircraft by financial leasing since the first such plane was leased there in 2009. The zone also inked partnership agreements with financial leasing and client companies last week, which are expected to expand portfolios for its financial leasing products and a major surge in its financial leasing assets. The zone did not release the total value of the latest agreements. The area – the largest aircraft financial leasing area for jets and planes

in China and the second-largest of its kind in the world in terms of overall asset volume following Ireland – has seen its assets expand from aircraft to vessels and oil exploration platforms, topping CNY1 trillion to date. Yang Liu, Director of the Administrative Committee of the zone, said: "Dongjiang, which saw its tax revenue generated from the financial leasing sector rise 76.2-fold since 2012 to CNY18.4 billion in 2021, is a miniature representative of the recent dynamic decade of China's fabulous economic transformation and its escalating economic reforms."

It has released an ambitious target in which **it aims to become the world's leading aircraft financial leasing center, international vessel leasing center as well as international export leasing center by 2025**. In the near future, the zone is expected to diversify, focusing more on vessels and oil platforms. In 2021 and the first half of this year, a total of 107 and 76 vessels and platforms were leased out in the zone, up 180% and 68.8%, respectively. By 2025, the number of vessels is expected to reach 1,000, with a total asset value of USD40 billion. In recent years, Dongjiang has completed the leasing of 60 oil platforms worth CNY6 billion to CNY7 billion, said Yu Chaoliang, Vice Director of the Financial Leasing Bureau of the zone.

Li Peng, Vice General Manager of ICBC Financial Leasing Co, said that the price of airline tickets is dropping thanks to airline companies' reduced costs through financial leasing. Eyeing future growth models, KPMG Partner Yu Ying said: "The international shipping market is confronted with uncertainties with slower efficiency at ports, so Dongjiang should take cautious steps. However, the first quarter this year also saw signs of recovery. Dongjiang is advised to make active efforts to collaborate with shipbuilders for its long-term benefit, the China Daily reports.

MIIT Minister under investigation; former Justice Minister on trial for corruption

Xiao Yaqing, Minister of Industry and Information Technology, has been placed under investigation for suspected violations of discipline and laws, according to an official statement. Xiao, 62, who is also a Member of the 19th Central Committee of the Communist Party of China, is being investigated by the Central Commission for Discipline Inspection and the National Supervisory Commission. Born in Xinle, Hebei province, Xiao graduated from the Central South University in Changsha, Hunan province, majoring in materials process engineering, and holds the title of professor-level senior engineer. Xiao joined the Party in 1981. He entered the workforce in 1982 at the Northeast Light Alloy Fabrication Plant in Harbin, Heilongjiang province, and was transferred to the Southwestern Aluminium Fabrication Plant in Chongqing in 1999. In 2003, he was appointed Deputy General Manager of Aluminum Corporation of China, rising to General Manager the next year.

In 2009, Xiao became Deputy Secretary General of the State Council. In 2016, he was appointed Director of the State-owned Assets Supervision and Administration Commission (SASAC), and in 2019 he moved to head the State Administration for Market Regulation (SAMR). He was appointed Minister of Industry and Information Technology in August 2020.

Former Minister of Justice Fu Zhenghua pleaded guilty to taking bribes and abuse of power, during a hearing at the Intermediate People's Court of Changchun, capital of Jilin province. Prosecutors said that from 2005 to 2021, Fu capitalized on his various posts, including Director of the Beijing Public Security Bureau, Vice Minister of Public Security, Minister of Justice and Deputy Director of the Committee on Social and Legal Affairs of the Chinese People's Political Consultative Conference (CPPCC), to provide assistance to units and individuals in matters such as business operation, adjustment of positions and the handling of cases. In return, he accepted money and property, directly or through his relatives, amounting to around CNY117 million, the China Daily reports.

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