

# China Business Weekly

9 August 2022



## 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"**

**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, where we will also have the pleasure to welcome the new Flemish Economic Representative in Shanghai **Mr. Frank Van Eynde**, who has been Commercial Attaché in Vilnius, Lille, Helsinki, Saint-Petersburg and Moscow. This walking dinner is giving you the opportunity to exchange views with the new VLEVs 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 – 18h10:** Introduction of the new Flemish Economic Representative in Shanghai **Mr. Frank Van Eynde**

**18h10 – 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 8<sup>th</sup> 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 8<sup>th</sup> 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 21<sup>st</sup> 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 8<sup>th</sup> 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.

## Agenda



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

### 10:00-10:10 Welcome Addresses



**Wang Hong**  
CEIBS President, Professor of Management



**Gwenn Sonck**  
Executive Director, EU-China Business Association /  
Flanders-China Chamber of Commerce

### 10:10-10:20 Opening Address



Official Representative, Mission of the People’s Republic of China to the European Union

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



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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.

## Contact

Ms. Hannah Cai, CEIBS

Tel: +86-21-28905356

E-mail: [channah@ceibs.edu](mailto:channah@ceibs.edu)

Ms. Georgina Childs, CEIBS

Tel: +41-76-2957696

E-mail: [cgeorgina@ceibs.edu](mailto:cgeorgina@ceibs.edu)



Scan to Register



\* Limited Seats Available, Please Register ASAP.



**Date:** 07.09.2022

**Location:** Résidence Palace, Brussels

**Price members:** Free

**Price non members:** Free

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## HEALTH

**Five cities in Hainan in lockdown; Beijing reports two cases and limits entry**



Sanya, a popular tourist destination in Hainan province with a population of 1.03 million, is locked down after Hainan province reported 1,140 cases in the past 10 days. Four other cities were also put under “static management”. The province commenced regular mass testing on August 7. The Covid variant has been identified as BA.5.1.3, the first time this variant was detected in China. The origin of the virus is believed to be

imports of contaminated seafood at the Yazhou fishing port. Sanya residents must be tested daily, scenic spots have been closed and public transport has been suspended. A makeshift hospital with more than 1,800 beds has been set up. A total of six quarantine sites with 719 rooms have started operating. Some tourists stranded in Sanya were sent to quarantine hotels for a free seven-day stay. Yiwu, the world's major small commodity production hub in Jinhua, Zhejiang province, also reported an outbreak.

**Beijing reported two new infections on August 7** including one person who tested positive after returning from a business trip to Inner Mongolia. **Beijing placed strict restrictions on the entry to the city** for people who traveled to places where local infections have been reported, as imported cases are still considered the biggest risk to the city's current epidemic prevention efforts. Since August 1 Beijing reported four cases.

**Hong Kong is easing Covid-19 entry rules for international arrivals from August 12**, requiring them to remain in a hotel for three days before undergoing four days of “home medical surveillance” that will allow limited

movement into areas where vaccine pass checks are not mandatory. The long-awaited cut from seven days of mandatory quarantine in a designated hotel was announced at the same time as the launch of a mainland China-style, two-color health code. A red code will be given to all infected patients, while incoming travelers will get a yellow code until they finish the “3+4” quarantine period.

**Multiple cities, including Beijing and Shanghai, have started inter-regional recognition of Covid-19 test results** as the Chinese central government urged regional authorities to improve the sharing of test data to enhance the convenience of the public to travel and reduce the impact of epidemic prevention on economic development. Shanghai added a function in its health code app that shows users' records of nucleic acid tests conducted in places across the Yangtze River Delta region, which covers Jiangsu, Zhejiang and Anhui provinces, in addition to Shanghai, in the past 14 days. Beijing's health code app also added the nucleic acid test results of other provinces and cities. The changes will allow users' local health code system to show the latest test results, regardless of where the tests were conducted.

**China's Covid-19 vaccine makers are expected to step up efforts to pursue innovation-driven high-quality development**, based on their fast growth in the past few years, according to industry experts and business leaders. So far, the country has approved seven home-grown Covid-19 vaccines for the domestic market. The total number of Covid-19 vaccine doses administered on the Chinese mainland was around 3.41 billion as of July 14, data from the National Health Commission (NHC) showed, and China has also provided more than 2.2 billion doses to more than 120 countries, regions and international organizations. However, analysts said domestic vaccine producers are facing shrinking demand for Covid-19 vaccines, and must refocus on product quality while strengthening efforts to better meet disease prevention

goals in both global and domestic markets. So far, three Chinese vaccines, manufactured by China National Biotec Group, Sinovac Biotech and CanSino Biologics, have won emergency use approval from the World Health Organization (WHO).

**The number of outbound international passenger flights from China is likely to increase by more than 200% month-on-month in August**, as China continues to relax travel restrictions. Flights to the U.S. in particular are predicted to soar four times. A total of 2,845 outbound international flights are scheduled to operate in August, up from 904 in July, information provider VariFlight said in a statement sent to the Global Times. South Korea, Japan, the U.S., Thailand and France will be the top five destinations. Flights from China to the U.S. will total 188 this month, up from 34 in July, with Shanghai Pudong, Beijing Daxing and Xiamen international airports to process the most flights.

The gradual recovery of international routes shows that as the Covid-9 outbreak is being curbed, demand in civil aviation sees a rapid rebound, which also brings **more inbound flights from other countries**. Finnair said it will operate a weekly service between Helsinki and Guangzhou, starting from September 6, while Lufthansa resumed its direct flight between Frankfurt and Beijing on a weekly basis. Air France said earlier that it would resume its weekly flight from Paris to Beijing from July 22. More charter flights will also be provided to foreign businesspeople to come to China to resume face-to-face business meetings.

In addition to charter flights, China is organizing more e-commerce and cross-border exhibitions and fairs to help boost trade, especially in Zhejiang province. Zhejiang's exports contributed 21.6% to China's foreign trade growth.

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

## FOREIGN TRADE

**China's foreign trade up 10.4% in first seven months; up 16.6% in July**



**China's foreign trade reached CNY23.6 trillion in the first seven months of 2022, growing 10.4% year-on-year in the first seven months of the year**, 1 percentage point faster than in the first half of the year. The growth rate

in the first half was 9.4%. During the first seven months, the country's exports grew 14.7% year-on-year to reach CNY13.37 trillion, whereas imports were up 5.3% to hit CNY10.23 trillion. ASEAN remained China's largest trading partner during the first seven months, accounting for 15% of the country's total foreign trade. China's trade with its top three trading partners – ASEAN, the EU, and the U.S. – grew 13.2%, 8.9%, and 11.8% from a year ago, respectively. China's trade with Belt and Road economies jumped 19.8% year-on-year, while that with the 14 Regional Comprehensive Economic Partnership (RCEP) economies was up 7.5% from January to July. Amid the ongoing uncertainty, the country will implement a series of measures to stabilize and improve the quality of foreign trade in the second half of the year to consolidate its resilience, Shu Jueting, Spokesperson for the Ministry of Commerce (MOFCOM), said.

**China-U.S. trade rose by 11.8% in yuan terms to**

CNY2.93 trillion in the first seven months of this year, demonstrating rigid U.S. demand for Chinese goods, experts said, though they predicted that China-U.S. trade growth might slow to some extent in the coming months as a result of deteriorating bilateral relations. In the first seven months of this year, China's exports to the U.S. rose 15.1% to CNY2.25 trillion, while imports rose 2.3% on a yearly basis. China's trade surplus with the U.S. widened by 21.7% to CNY1.57 trillion, customs data showed. Hu Qimu, Chief Research Fellow at the Sinosteel Economic Research Institute, said that the recovery of the U.S. economy following the easing of pandemic control measures has boosted U.S. demand for foreign products, a large part of which are made in China.

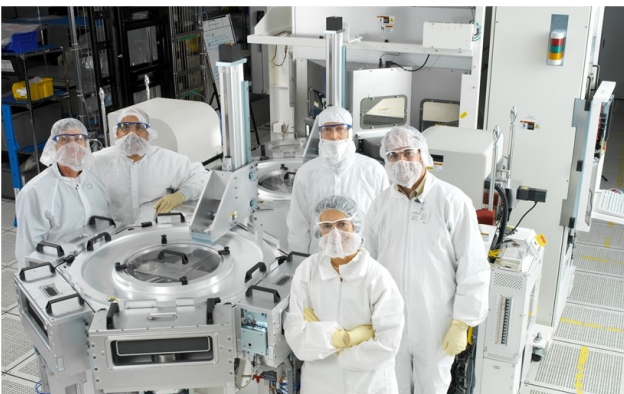
**China-Russia trade rose 29% in the first seven months of 2022 to USD97.71 billion**, as the two countries maintain normal cooperation despite Western sanctions. Experts expect that China-Russia trade could surpass last year's levels as Russia is shifting trade to Asia. China's exports to Russia expanded 5.2% to USD36.27 billion, and imports from Russia grew 48.8% from a year earlier to USD61.44 billion in the first seven months. "It is expected that the foreign trade between China and Russia this year would

surpass the level of 2021 when the bilateral trade stood at USD146.87 billion, a record high," Song Kui, President of the Contemporary China-Russia Regional Economy Research Institute, told the Global Times. In addition to energy cooperation, in recent years, China-Russia trade has been expanding to food and agriculture, new energy vehicles (NEVs) and other fields, Song added. Wang Wentao, China's Commerce Minister said during a virtual meeting with Russian Economic Development Minister Maxim Reshetnikov that since the beginning of the year, China-Russia trade has maintained strong growth momentum.

**Following U.S. House Speaker Nancy Pelosi's visit to Taiwan, mainland authorities tightened enforcement of labeling rules first issued in 1999** on imports from the island. Apple told its suppliers to avoid labeling products from Taiwan as "made in Taiwan". They must be labeled as made either in "Taiwan, China" or "Chinese Taipei" to avoid shipments from being held up for examination. China Customs also suspended the entry of citrus fruits including grapefruits, lemons and oranges, as well as two types of fish from the island. The mainland's exports of natural sand, used in construction, to the island were banned.

## IT & TELECOM

### U.S. to widen ban on exports of IC equipment; China's semiconductor fund plagued by corruption



**The U.S. wants to ban more exports of equipment used to produce integrated circuits to prevent China from catching up with the world's most advanced ICs. Meanwhile, a fund to help China develop its semiconductor industry is marred by corruption.** U.S. semiconductor equipment suppliers Lam Research and KLA Corp confirmed that the U.S. government has been pushing for stricter export regulations to China by covering equipment needed for manufacturing chips of 14 nanometer and below. If that is confirmed officially, it would mark an escalation from the previous ban covering 10 nm and below – the most advanced end of chip-making technology. Washington is also pressing the Dutch government to block ASML from exporting less advanced deep ultraviolet (DUV) lithography systems to China, which ASML CEO Peter Wennink described on a recent earnings call as a "a political position which we have to wait for politicians to come up with". Analysts said reports of a

wider equipment ban could make it harder for China to reduce its reliance on imported chips as such equipment, which the country is unlikely to be able to make in the near term, is essential for producing chips. "It could be a big problem for China-based foundries but it remains to be seen how broadly these restrictions are applied," said Sravan Kundojjala, Senior Analyst at Strategy Analytics. "Foundries need equipment from multiple vendors, and even without the support of one vendor, things can fall apart."

Wang Xiaolong, research head at Shanghai-based semiconductor consultancy ICWise, said the U.S. move heralds more difficulties ahead for local foundries as they seek to import key equipment. Meanwhile, both Lam Research and KLA value the Chinese market as an important driver of growth after the country became the world's largest integrated circuit (IC) consumer market. Revenue from mainland China accounted for 35% of Lam Research's total revenue of USD14.6 billion in financial year 2021, up from 31% in 2020 and 22% in 2019 respectively. Lam Research is one of the top three U.S. semiconductor manufacturing equipment suppliers and leads the field in deposition and etch products. KLA made 26% of its financial year 2021 total revenue of USD6.92 billion from customers based in mainland China, the highest share across its geographic segments and ahead of the shares of Taiwan, South Korea and Japan with 25%, 19%, and 9% respectively.

Sanctions-hit SMIC, China's largest foundry, has already shifted its focus away from developing advanced technology at 10 nm and below to mature technology of 28

nm and above, after its inclusion in the U.S. trade blacklist in December 2020. SMIC's most advanced technology, officially, is 14 nm FinFet, which entered mass production in the second half of 2019. SMIC is also working on 12 nm, dubbed FinFet N+1, but details on progress remain unclear. SMIC's Chinese rival, Hua Hong Semiconductor, is also developing 14 nm tech for logic chips, but the company's top revenue-generating processes are 350 nm and 90 nm, which combined, accounted for 60% of its first-quarter revenue.

The U.S. Chips and Science Bill, which was passed by the U.S. Congress and which is expected to become law soon, is expected to revive U.S. domestic semiconductor manufacturing with USD52.7 billion in subsidies.

**China's state-run chip industry investment fund has become engulfed in anti-corruption probes**, with at least three of its executives under investigation. China's Central Commission for Discipline Inspection (CCDI) confirmed that Ding Wenwu, the former President of the China Integrated Circuit Industry Investment Fund, was being investigated for suspected "serious violations of

discipline and laws", a term that usually refers to corruption. The announcement came two weeks after Lu Jun, the fund's former Chief Executive, became the target of a similar probe. Yang Zhengfan, another Executive at the fund, was also being investigated. The Big Fund – as it is known in China – was set up in 2014 by the Ministry of Finance and China Development Bank Capital, as part of a plan to "leapfrog" developments in the semiconductor industry.

In 2019, local companies accounted for only 15.7% of the country's USD125 billion integrated circuit market, up only slightly from 15.1% five years earlier when the Big Fund was set up, according to US research firm IC Insights. The corruption probes into the Big Fund executives come after a separate investigation into former Tsinghua Unigroup Chairman Zhao Weiguo, who led the company's aggressive and highly leveraged mergers and acquisitions until the group defaulted on its debts in 2020. Tsinghua Unigroup has since gone through bankruptcy restructuring and is now under the management of a new owner, the South China Morning Post reports.

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## CHINA NEWS ROUND-UP

### Tencent to invest CNY10 billion in the next decade in basic research

**Internet company Tencent plans to invest CNY10 billion over the next decade to support selected scientists in making original breakthroughs in basic research in mathematics, biology, and the physical and biomedical sciences.** The New Cornerstone Investigator Program is led by scientists, funded by Tencent and supervised by the China Association for Science and Technology. The program's most distinctive feature, compared with other research grants, is that it essentially gives scientists up to CNY5 million per year to pursue their research without worrying about publishing a large number of papers or meeting research goals and deadlines. Applications for the program will be taken from July 1 to September 30, and the candidates will be screened by a committee of well-known scientists. The program aims to identify 60 suitable scientists this year.

Candidates working in the program's experimental category can receive up to CNY5 million per year, while those in theoretical fields of study can receive a maximum of CNY3 million annually. Wang Wurong, Vice President of Tencent and Secretary General of the program, said the initiative is "people-oriented", with the aim of supporting 200 to 300 deserving scientists to freely explore and forge original breakthroughs in basic research. Wang noted that in developed countries, non-governmental sources play a substantial role in supporting basic sciences. In China,

however, the vast majority of funding for the basic sciences has come from the central government. In 2018, the Chinese government issued a document to encourage companies and society to support basic research, supported by China's newly amended Science and Technology Progress Law, which went into effect this year.

Zhang Jie, President of the Tsung-Dao Lee Institute at Shanghai Jiaotong University, said the program sets a historic milestone in China's effort to create an innovative ecosystem conducive to making original breakthroughs, the China Daily reports.

### Port of Shanghai reaches new milestone in container throughput

**The port of Shanghai, the world's busiest container port, may have set a container throughput record for July, its operator Shanghai International Port Group (SIPG) said.** Last month, the port handled more than 4.3 million TEU, up 16% year-on-year and up 13% month-on-month, thanks to its efforts to diversify its business and the strengthened integration between ports across the Yangtze River Delta region, said shipping industry experts. On average, the port handled 140,000 TEU per day, said SIPG, adding that the port realized positive growth in the first seven months of this year. Last year, the port handled more than 47 million TEU, or about 3.92 million TEU per month. Specifically,



its subsidiary Shanghai Shengdong International Container Terminal recorded a single-month high of 840,000 TEU, SIPG said. Shengdong is responsible for part of the Yangshan Deep Water Port, which is one of the Shanghai port's main units. Its robust growth is mainly supported by exports and imports, said Zhou Dequan, Director of the Shanghai International Shipping Institute's domestic shipping research office.

**Shanghai port has been rated as the world's largest container port for 12 consecutive years since 2010.** Consistent advancement in new technology, diversified transportation solutions and business models, and collaboration between regional ports are credited for SIPG's steady business performance. "The digital transformation launched by the group has given us a technological edge in SIPG's development, supporting our pursuit of building a world-class hub and an intelligent, green, safe and resilient port," said Zhou Yong, Assistant to the General Manager of the Production Division of SIPG.

According to Lin Guolong, Director of the Logistics Research Center at Shanghai Maritime University, when work began to build Shanghai into a global shipping center, the government had started to make plans for a highly developed water network across the Yangtze River Delta region. The water route plays an important role in supporting the supply chains, especially due to its economic and environmentally friendly characteristics, Lin said.

Zhou Yong said SIPG has been keen in exploring new business models to consolidate its position as a global container hub as well as an international shipping center, the China Daily reports.

## China contributing 30% to global manufacturing output

**China's manufacturing sector** has made great strides in the past decade, with its **contribution to global manufacturing output hitting nearly 30% last year**, showing the crucial role the nation has played in safeguarding global industrial and supply chains, officials and experts said. The Ministry of Industry and Information Technology (MIIT) said it will continue working to stabilize the proportion of manufacturing output in the GDP and step up efforts to accelerate industrial upgrading. Wang Wei, Director of MIIT's Planning Department, said the proportion of China's manufacturing output worldwide rose from 22.5% in 2012 to nearly 30% in 2021, with the nation maintaining the title as the world's largest manufacturing country. China's manufacturing output value jumped to CNY31.4 trillion last year from CNY16.98 trillion in 2012. China has the most industrial categories and the most complete industrial system in the world, with leading industry chain support systems, strong resilience and great potential, Wang said.

Meanwhile, the quality of products has also seen huge improvements. In the past 10 years, the export value of China's technology-intensive mechanical and electrical products and high-tech goods increased to CNY12.8 trillion and CNY6.3 trillion in 2021, from CNY7.4 trillion and CNY3.8 trillion in 2012, respectively. The number of

industrial and information technology brands listed among the world's Top 500 brands increased from 10 in 2012 to 24 in 2021.

**"China ranks first in the world in terms of output for more than 40% of the world's 500 major industrial products,"** Wang said, adding that mid-range to high-end products such as smartphones, smart TVs, energy-saving refrigerators, smart washing machines and automobiles have become commonplace in people's daily lives.

Manufacturing activity in China contracted unexpectedly in July. The official PMI for China's manufacturing sector posted a reading of 49 in July from 50.2 in June. The services sector is developing further. The Caixin China General Services Purchasing Managers' Index came in at 55.5 in July compared to 54.5 in June, the highest reading since April 2021 and staying well above the 50 point mark that separates growth from contraction. The services sector, which accounts for over 50% of the economy and around half of urban jobs, was originally more significantly affected by the pandemic than manufacturing this year, but the recovery in services has gathered pace in recent months. Caixin's composite PMI, which includes both manufacturing and services activity, dropped to 54 in July, from 55.3 in June.

## 8,990 freight trains ran between China and Europe in the January-July period

**Nearly 9,000 freight trains between China and Europe were operated from January to July, a slight increase amid sporadic Covid-19 outbreaks in China in the first half of the year,** national railway operator China State Railway Group said. The group operated 8,990 trains and delivered 869,000 TEU of goods, posting a year-on-year increase of 3% and 4%, respectively. 1,517 were operated in July and 149,000 TEU of goods were outbound, up 11% and 12% year-on-year respectively. Both figures are historical highs. According to the group's freight department, the company has implemented the central government's demand to stabilize the nation's economy this year, enhancing the development of freight train services between China and Europe and promoting the services' high-quality development.

The convenient and economical cross-border logistics service has ensured the smooth flow of the international industrial supply chain and provided strong support to the high-quality development of the Belt and Road Initiative (BRI). To boost the service's development, international railway cooperation, such as the cooperation mechanism from seven countries, has been improved to expand overseas routes. Diverse transport modes, such as railway-and-port joint transport, have been promoted. The service's network has now reached 200 cities in 24 countries in Europe. The company has developed its international logistics business, explored new sources of overseas cargo, optimized overseas container management, increased the number of returned trains, and promoted the balanced transportation of two-way trips. About 12% more trips are made to Europe than to China.

The railway ports bordering neighboring countries, such as Manzhouli in Inner Mongolia and Alataw Pass in Xinjiang, have improved facilities to enhance transport capacity and

efficiency. The group will continue to promote China-Europe freight trains, strengthen infrastructure construction, enhance international cooperation, improve the quality and efficiency of train operations, and contribute to stable economic and social development, the China Daily reports.

## Total revenue of Chinese Fortune 500 companies exceeds that of the U.S.

For the first time, Chinese companies, including those in Taiwan province, have overtaken their U.S. counterparts on the Fortune Global 500 list for 2022 in terms of total revenue. For the fourth consecutive year, China topped the annual list in terms of the number of companies. The United States and Japan followed with 124 and 47 enterprises, respectively. The global list for 2022 showed 145 Chinese companies contributed 31% of the total revenue of the world's 500 largest corporations, while the 124 U.S. companies accounted for 30%. "Aggregate sales for the Fortune Global 500 hit USD37.8 trillion, an increase of 19% – the highest annual growth rate in the list's history," Fortune said on its website. Observers said the latest list confirms China's rising prowess in sectors like manufacturing and infrastructure, but more efforts are needed to improve the Chinese companies' overall profitability, they said.

**Walmart, the largest retailer in the U.S., topped the Global 500 list with a revenue of USD572.75 billion.** China's State Grid, China National Petroleum Corp (CNPC) and Sinopec Group made the top 10, ranking third, fourth and fifth, respectively. Last year, they ranked second, fourth and fifth, respectively. "China's top performance again proves its important role in global manufacturing and its remarkable industrial resilience amid the Covid-19 pandemic, as China led in the number of companies, including those in metal, construction and coal mining," said Wang Peng, Researcher from the Beijing Academy of Social Sciences. This year, 19 metal product companies, 12 construction engineering firms and six coal mining enterprises from China made it to the list, while the U.S. has only one metal product company. In terms of improvement in rankings, China's Ansteel Group Corp made the highest jump of 183 places to 217.

The gap between Chinese companies' average profit level and that of the other Fortune 500 companies, however, has widened this year. The average profit of the 145 Chinese companies in the list is USD4.1 billion, lower than the global average of USD6.2 billion and 2.5 times lower than that of U.S. firms. "If traditional manufacturing companies can make good use of the industrial internet and other technology-driven factors to develop their business, their profits are very likely to exceed that of foreign peers in the coming years," Wang Peng said, as reported by the China Daily.

## China's infrastructure investment increases 15% in July

China's infrastructure investment accelerated in July amid a package of support policies to bolster a stable

recovery amid downward pressure and mounting external uncertainties. In July, China's infrastructure investment growth rebounded to about 15% year-on-year, thanks to sustainable funding and policy incentives as well as a low base effect, UBS Economists led by Wang Tao said in a note sent to the Global Times. In the first half of the year, investment in the infrastructure sector rose 7.1% year-on-year, according to the National Bureau of Statistics (NBS). The amount of special-purpose bonds that local governments issued sharply declined to CNY61 billion in July, but the comparatively large amount of issuance worth CNY2.1 trillion in the second quarter continued to provide strong support for infrastructure investment in July and the third quarter, according to Wang.

Last month, the construction of 3,876 large projects across the country started, with total investment reaching nearly CNY2.4 trillion. Progress was also made for some key infrastructure projects. The construction of a project linking China's two mega water infrastructures – the Three Gorges project and the South-to-North Water Diversion Project – started on July 7. The project is scheduled to be finished in nine years, and will transfer water to the country's dry North. China is also counting on new types of infrastructure as part of its long-term goal to optimize the overall economic structure and foster new growth drivers.

In terms of digital information infrastructure, the country added nearly 300,000 5G base stations in the second quarter, bringing the total number in use to over 1.85 million. The third quarter is a peak season for construction projects. "Along with the release of effective policies and raw material price drops, the growth rate of the country's infrastructure investment is expected to further accelerate to 10% or higher in the second half of the year," Tian Yun, a Beijing-based economist, told the Global Times. He forecast that infrastructure investment will contribute around 1 percentage point to GDP growth in the second half, playing a larger role in promoting the stable recovery of the economy. Policy banks will increase credit lines by another CNY800 billion to provide financial support for infrastructure building.

## China to seek new growth drivers

China is firmly committed to cultivating new growth drivers to address challenges from both home and abroad, securing a decent growth for this year and fostering high-quality development for the future. Yi Huiman, Chairman of the China Securities Regulatory Commission (CSRC), highlighted the key role of capital markets in funding innovative industries. The nation will give full play to the role of capital markets in promoting direct and indirect financing, supporting funding for emerging industries and promoting the transformation and upgrading of traditional industries, Yi wrote in Qiushi Journal. Yi's remarks came after Guo Shougang, Deputy Director General of the Equipment Industry Department (I) at the Ministry of Industry and Information Technology (MIIT), emphasized the importance of boosting technological innovation and industrial transformation at the Global Future Science and Technology Innovation Cooperation Conference in Beijing. To provide a better environment for industrial development, China will upgrade

services in auto manufacturing, remove caps on contract manufacturing in an orderly manner, and intensify the regulation of product safety, cybersecurity and data safety, Guo said.

Despite the recent impact of the Covid-19 pandemic and changes in the international environment, experts believe China has the ability to keep economic operations within a reasonable range in 2022, and they expect to see a steady rebound in the second half of the year through more policy stimulus and infrastructure funding. David Wang, Chief China Economist at Credit Suisse, said infrastructure investment, including green investment, will be the key driver of recovery in the second half. As for emerging industries and economic upgrading driving potential growth in China, Wang's team expects a modest acceleration in the country's technological progress over the next five years.

The People's Bank of China (PBOC) said at a work conference that it has provided strong financial support for stabilizing the overall economy, and medium and long-term loans to manufacturers have increased notably, the China Daily reports.

## China's C919 passenger plane finishes test flights

**The Commercial Aircraft Corp of China (COMAC) said that the domestically produced C919 jet has completed all the test flights** needed to obtain an airworthiness certificate from the Civil Aviation Administration of China (CAAC), marking another milestone in the rapid development of China's first homegrown passenger jet. On July 23, Comac said that its C919 jet was nearing certification as its test planes had completed all required trial flights. There are three certificates required for the delivery of an aircraft in China. One is a type certificate, which indicates that the model design of the aircraft meets requirements; the second is a production certification,

which indicates that the manufacturing of the aircraft meets national standards; the third is an individual aircraft certificate, indicating that each plane delivered to airlines complies with requirements. These certificates are all given by the CAAC.

The announcement confirms that COMAC has submitted the test results to CAAC and is waiting for approval of a CAAC type certificate, according to Lin Zhijie, an independent market watcher. After COMAC gets the type certificate, the C919 plane is likely to receive the other two certificates in a short time, Lin added. Wang Ya'nan, Chief Editor of Beijing-based Aerospace Knowledge magazine, told the Global Times in an earlier interview that after obtaining the airworthiness certificate, COMAC is expected to conduct demonstration flights on commercial routes and provide technical training for pilots and relevant personnel, which may take six to 12 months. "Ideally, the C919 is expected to be put into commercial operation in 2023 if everything goes smoothly," Wang said.

First approved for development in 2006, **the C919 is challenging the Airbus-Boeing duopoly in certain segments** of the civil aviation industry. However, market watchers said that it's too early to say if a new plane can challenge the duopoly. "Our current job is to build the plane, and make it fly safely and reliably," Lin said, adding it will take about 20 years to see if the plane can compete with Airbus and Boeing. Market observers said that there are two advantages for C919 m – one is price, and the second is after-sale services. The aircraft's price tag will be lower than that of comparable Boeing and Airbus aircraft, and it will be exempt from import duties. Also, the production and service teams will be based in China, which will be convenient for Chinese airlines.

The C919, China's first self-developed trunk jetliner has 158 to 168 seats and a range of 4,075 to 5,555 kilometers. The plane conducted its successful maiden flight in 2017. To date, COMAC has received 815 orders for the C919 from 28 customers worldwide, the Global Times reports.

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#### 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](mailto:info@flanders-china.be)

W [www.flanders-china.be](http://www.flanders-china.be)

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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](mailto:michel.jc.lens@gmail.com)

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