

China Business Weekly

23 August 2022



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

FCCC/EUCBA ACTIVITIES

Walking dinner with the new Flemish Economic Representatives in China, Mr Koen De Ridder (Beijing) and Mr Frank Van Eynde (Shanghai). Speech: Economic and Societal Tendencies in China (from 1949 to the present)
25 August 2022 – 18h00 – 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 Representatives in China, Mr. Koen De Ridder (Beijing) and Mr. Frank Van Eynde (Shanghai)**. 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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Exclusive dinner meeting with the Consuls General of Belgium in Shanghai, Guangzhou and Hong Kong SAR – 7 September 2022, 18h00

Exclusive dinner meeting with the Consuls General of Belgium in Shanghai, Guangzhou and Hong Kong SAR

7 September 2022, 18h00



The Flanders-China Chamber of Commerce (FCCC), with the support of Flanders Investment & Trade, is organizing an exclusive dinner meeting with the **Consuls General of Belgium in China**, Mr. Bruno Jans, Mr. Luc Truyens and Mr. David Lomastro. They will deliver a speech on the economic prospects in Shanghai, Guangzhou and Hong Kong SAR.

This dinner will take place on **September 7, 2022, at 18h00** at the Radisson Collection Brussels, Rue du Fossé aux Loups 47, 1000 Brussels.

This exclusive event is an excellent opportunity to meet in person with the Consuls General and to introduce your company's activities.

If you are interested in attending, please subscribe via the button below before the 1st of September. The dinner is certain to be well attended, so we strongly recommend you book now to guarantee your place.

The programme is as follows:

18h00 – 18h30: Registration

18h30 – 18h35: Introduction by Mr. Kurt Vandeputte, Chairman of the Flanders-China Chamber of Commerce

18h35 – 19h05: Speeches on the economic prospects in Shanghai, Guangzhou and Hong Kong SAR by the Consuls General, Mr. Bruno Jans, Mr. Luc Truyens and Mr. David Lomastro;

19h05 – 20h30: Networking dinner

Practical information:

Date and time: September 7, 2022, 18h00 - 20h30

Location: Radisson Collection Brussels, Rue du Fossé aux Loups 47, 1000 Brussels

Price for members: €95 excl. 21% VAT (€19.95)

Price for non-members: €125 excl. 21% VAT (€26.25)

Parking availability:

The Radisson Collection Brussels parking area is accessible via Rue du Fossé aux Loups 47. You will find the parking right after the hotel's main entrance on the left.

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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.

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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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.



Date : 07.09.2022

Location : Résidence Palace, Brussels

Price members : Free

Price non members : Free

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PAST EVENTS

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"

**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, with the support of Flanders Investment & Trade and the Federal Government of Belgium, organized a very interesting exclusive webinar with **H.E. Jan Hoogmartens, Ambassador of Belgium in China on August 23, 2022**. Following an introduction by **Ms. Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce, the Ambassador delivered a speech on **"China in 2022: between lockdowns and party Congress. What can we expect bilaterally?"**. A Q&A session concluded the webinar.

The webinar was conducted according to the Chatham House rules, so no transcript is available.

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HEALTH

Covid-19 resurgence highest in three months



The number of daily Covid-19 cases has reached the highest level in about three months with a total of 3,424 new cases being reported on August 18, mainly due to the high number of tourists traveling between provincial areas. Cases were reported in 25 provincial-level regions. Hainan is still the province that recorded the highest number of daily cases. Since August 1, the island has reported more than 15,000 cases. So far, the province has set up 12 makeshift hospitals with more than 22,200 beds.

Local authorities and traders in Yiwu, a major manufacturing export hub in Zhejiang province, have adopted various contingency measures to secure shipments and smooth trade, even as the city battles a Covid-19 outbreak. Yiwu has lifted “static management” (lockdown) in some areas, including the International Trade Market. A meeting on stabilizing foreign trade, presided over by Vice Premier Hu Chunhua, stressed the need to effectively deal with risks, and called for further efforts to improve Customs clearance and services for enterprises. From August 2 to 16, a total of 66 China-Europe freight trains were dispatched from Yiwu, a month-on-month increase of 59.4%, including 37 outbound and 29 return trips, Yiwu Customs said.

The coastal city of Xiamen in Fujian province conducted mass nucleic acid testing over several days due to a Covid-19 outbreak. Multiple transmission chains are interwoven, with positive cases repeatedly detected within the community and an increasing number of infected persons coming or returning from other places in China. The virus was classified as Omicron variant

BA.2.76.

Tailored, stricter epidemic control protocols are being implemented on trains to prevent the spread of Covid-19 via the railway network, the China State Railway Group said. The measures came after more than 30 passengers aboard a train from Lhasa, capital of Tibet, to Beijing on August 17 tested positive in 10 cities along the line, including two in Beijing. Services from Lhasa to Beijing have been suspended. In Hainan province all railway services have been suspended, and few trains are running in Tibet or Xinjiang, where hundreds of cases have also been reported daily.

Chinese glass manufacturers are actively preparing to increase the production of glass vials for pharmaceuticals to meet global demand, as German producers face the risk of production cuts and shutdowns due to Europe's rising energy crisis. One industry analyst said that “if there is a halt in gas supplies, glass production will very likely disappear from Germany.” Schott, one of the major manufacturers of neutral borosilicate glass used in the pharmaceutical industry accounts for about 50% of the global market share of vaccine vials. The company's largest global production site is in Mainz, Germany. China's glass producers have become a strong back-up for global vaccine vials production in recent years. According to the China Association for Vaccines, the annual output of vaccine vials in China could reach 8 billion. According to the China Daily Glass Association, the output of daily-use glass products and glass packaging containers in the first half of 2021 reached 13.7 million tons, a cumulative increase of 15.70% year-on-year. The export value of glass for daily use totaled USD3.49 billion, up 52.06%.

Several Chinese universities plan to delay the return of staff and students and postpone enrollment for the class of 2022 due to the Covid-19 epidemic and high temperatures. They are mainly located in Shaanxi, Liaoning, Jilin, Fujian, Guangdong and Hainan provinces. The persistent high temperatures affecting large areas of China since June 13 this year are the severest and longest in history since 1961, when complete meteorological observation records started to be compiled.

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

RETAIL

Domestic brands are increasing their competitiveness



Facing fierce competition in the booming domestic market, newly emerging Chinese brands are keen to meet consumer demand and develop their products. In the past decade, **products made in China have made their mark in the domestic market and are no longer viewed as being cheap or inferior to foreign brands.** Florasis, a Chinese cosmetics company that has gained popularity among Chinese and overseas consumers in the past five years, is a good example of the makeover that has taken place among Chinese brands. The company was launched in 2017 in Hangzhou, capital of Zhejiang province, with the aim of reviving traditional Chinese aesthetics and cultural practices. It has since launched a series of signature products, including its etched lipsticks and loose powder containing floral infusions and Chinese herbs. Meng Huo, Vice President of Florasis, said that “the company targets female Asian consumers with a variety of cosmetics to suit their skin, match their preferences with medium- and high-end goods, and catch their attention with elements inspired by traditional Chinese culture.” In 2020, Florasis launched a set of lipsticks to celebrate Chinese Valentine’s Day. The lipsticks, designed in the shape of a locket, feature the romantic story of Zhang Bi, an official in the Western Han Dynasty.

Today, members of the new generation of consumers want items that reflect their culture, rather than the foreign heritage and exclusivity that have been so popular in the past. Such demand has resulted in the emergence of the **guochao trend – the rise of domestic brands that include Chinese cultural elements in their design or branding.** “We want to create a brand that balances art, nature and science through our traditional recipes – infusing them in modern formulations using the latest research and development technologies,” Meng said. Florasis keeps in direct touch with consumers through its live-streaming room and other online platforms, not only to sell products, but to learn the type of products that consumers are looking for. The company’s Florasis GEM Program works in conjunction with 200,000 consumers, who help choose the right items to bring to the market.

“It usually takes about 21 months to complete the research and development of a single item, which has to pass tests among at least 1,000 product testers before it can be put on the market,” Meng said. Florasis’ total transactions

reached more than CNY100 million just one year after the opening of its Tmall flagship store in August 2017. Last year, the brand’s gross merchandise volume rose to CNY5.4 billion, up from CNY3.3 billion in 2020.

In March, Florasis launched China’s first color, material and finish (CMF) laboratory in the cosmetics industry to focus on researching the use of sustainable materials, the relationship between female skin characteristics and makeup color, as well as color trends in Chinese fashion. In 2019, Florasis began planning its overseas market due to increased demand from consumers living abroad for products that feature Chinese culture. The brand entered the Japanese market in March last year, and two months later, it launched its global website. In January, Florasis released part of a makeup series that features the 24 solar terms on the traditional Chinese calendar. The series highlights Chinese makeup characteristics such as thin and long eyebrows, under-eye makeup and cherry lips, integrating the different solar terms and floral characteristics into the makeup by combining the shape and color of flowers. “Our growing popularity overseas has given us the confidence to continue our research and development of products that feature unique Chinese culture in their design and raw materials,” Meng said.

To cash in on the *guochao* trend, numerous Chinese brands are entering the market to meet the increased demand. **The number of Chinese brands on Douyin, the popular streaming platform, rose by 508% in the 11 months from April last year to March, with domestic brands comprising 92% of the top-sellers.** On the Xiaohongshu lifestyle platform, where users also share life experiences, as of the end of last year, the number of domestic brands exceeded 78,000. Users have searched for such brands more than 1.2 billion times. In 2019, Alibaba launched the New Chinese Products Program, helping the annual sales of each of 134 domestic brands exceeding CNY1 billion on the Tmall e-commerce platform. In April 2020, Alibaba announced the New Chinese Products Plan 2020 by launching upgraded digital channels for domestic brands in fields such as store live-streaming, cross-border fashion shows, offline exhibitions, and new product research and development (R&D). The aim was to add three Chinese brands to each consumer’s shopping cart.

Chinese brands achieved rapid growth in 2020, according to the **2021 Chinese Brand Consumption Trend Report released by the JD Research Institute for Consumption and Industrial Development** in May last year. These brands’ transaction volume rose by 6% year-on-year, there were 5% more Chinese brands in 2020 than in 2019, while the number of consumers rose by 18% year-on-year, according to the report. Domestic consumers consider five factors – identity, belonging, value, tradition, and security – when buying Chinese brands, the report added, as reported by the China Daily.

In 2019, the market share of Chinese brands on Alibaba’s retail platform reached 72%, according to the

2020 China Consumer Brand Development Report by AliResearch. The annual growth rate for pharmaceutical health products reached 38.5%, beauty and personal care

products saw 36.7% growth, while the food industry witnessed annual expansion of 31.5%.

INNOVATION

Shoemakers in Zhejiang use 3D printing and videoconferencing with foreign clients



For decades, shoemaking companies in China have followed time-tested methods of making a living in global markets: meeting clients at their factories to arrange order details, showcasing their products at the China Import and Export Fair (Canton Fair), and increasing spending on cross-border e-commerce platforms to promote sales. But after the start of the Covid-19 pandemic, many foreign clients were unable to travel overseas, so Zhu Henglin, who heads business operations at **Juyi Group Co**, a shoe manufacturer in Wenzhou, Zhejiang province, and his colleagues have **adopted 3D printing equipment to work out details with their international clients**.

The Chinese company and its foreign clients each make samples of shoe designs with 3D printers and **then discuss and modify the details via online video**, which greatly saves time and costs for both. “Thanks to this, we no longer need to send shoe samples to clients in developed markets and worry about shipment delays,” said Zhu, who added that many shoemaking companies in Wenzhou have production orders lined up until the end of the year. Driven by surging demand in overseas markets, especially in the rebounding tourism and sports sectors, China’s footwear product exports soared 31.4% year-on-year to CNY173.7 billion in the first half, according to the General Administration of Customs (GAC).

Gold Emperor Group, another Wenzhou footwear manufacturer, recently installed two sets of new equipment to apply glue to the uppers and soles of shoes in one of its factories in Wenzhou. With the new equipment in place, the output capacity of each production line has been set at 250 pairs per hour, doubling the output. Footwear is traditionally a labor-intensive industry, and it remains difficult to completely standardize automation. However, in some phases of production, replacing workers with machines boosts production capacity, said company President Zhu Jianfeng. “The reason we dared to invest such a large sum of capital in fixed assets at one time is mainly because of the substantial increase in export orders, which has boosted our confidence. In addition, the international markets’ orders for athletic shoes have remained strong in recent months,” Zhu said. He added that the company is expected to export 12 million pairs of sports shoes this year.

Chen Wenzhao, Director of Business Development at Gold Emperor Group, said that challenges and opportunities coexist for China’s shoemaking industry this year. Aside from footwear products, items such as soles, uppers, eyelets, buckles and laces sold well in Southeast Asian countries. He said **all the parts and accessories needed in the shoemaking process can be found and bought in Wenzhou**. Supported by more than 11,000 employees in manufacturing bases in Jiangxi, Henan and Hubei provinces, as well as in Myanmar, the value of the company’s exports of semi-finished products and other materials to Myanmar surged from CNY8.45 million in 2021 to CNY95 million in the first half of 2022.

In Fujian province, another shoemaking base in China, Wu Jiang, an official at the Haicang branch of Xiamen Customs, said companies in Xiamen and surrounding cities exported CNY2.6 billion worth of shoemaking materials to Vietnam, Indonesia and Cambodia between January and June, up 40% year-on-year.

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CHINA NEWS ROUND-UP

2022 World Robot Conference shows China made breakthroughs in robotics

China's robotics industry has attained remarkable and substantive achievements in recent years, and is expected to catch up with that of developed countries like Japan in less time than imagined thanks to new technologies like artificial intelligence (AI) and big data, officials and experts said as **the 2022 World Robot Conference (WRC) concluded on August 21**. Chinese robotics enterprises have made phased breakthroughs in core components such as precision decelerators, high-performance servo motors and new-type sensors, while progress has also been made in the robot operating system and practical applications, Xin Guobin, Vice Minister of Industry and Information Technology, said at the WRC. During the four-day event in Beijing, many Chinese companies, including specialized robot firms and traditional manufacturing firms, showcased their latest technologies and products. A quarter of the 36 robotic innovations featured at WRC are built for pandemic prevention and medical care, including **a robot that can perform oral swab tests** designed by the China Aerospace Science and Industry Corp (CASIC). The new robot **could soon be deployed in Beijing to test airline passengers arriving from abroad**.

Hangzhou-based Unitree Robotics attracted widespread attention as the company staged a performance involving 130 Go1 robot dogs. "The performance is to showcase our robot dogs through which customers can learn more about our products," the company told the Global Times, noting that Unitree has been speeding up the creation of more applications for the robots, not only at the industrial end but also in daily life. The servo motors, decelerators, controllers and most of the sensors of its quadruped robots were all independently developed. The company said that it has applied for more than 100 patents and has more than 80 licensed patents.

"China's robotics sector has formed a complete industrial chain, though **there is still a gap between China and advanced countries like Japan in core components such as servo motors and decelerators**," Liu Gang, Director of the Nankai Institute of Economics and Chief Economist at the Chinese Institute of New Generation AI Development Strategies, told the Global Times. With the emergence of new technologies like AI and big data, it would take less time for China to catch up with these nations, he said, noting that China may even overtake them. China released the 14th Five Year Plan for the Robotics Industry in December, aiming to make the country a global center of excellence for robotics technology innovation, advanced manufacturing and integrated applications by 2025. Currently, the self-reliance rate of making certain robots has reached 90%, and domestic companies' competitiveness is greatly improved with lower costs, the Global Times reports.

China is the world's largest market for the application of robots. The output of China's industrial robots reached 366,000 units in 2021, up 68% on a yearly basis. The production of service robots in the country soared 49%

year-on-year to 9.21 million units last year. In the first half of this year, the total volume of disclosed financing in the robotics industry amounted to over CNY5 billion, mainly in key fields such as core parts, collaborative robots and surgery robots. According to a report by Shanghai-based venture capital firm Yunqi Partners, China's "robot density" stands at 246 robots per 10,000 workers in the manufacturing sector, or nearly double the worldwide average.

China's airfreight sector is recovering

Despite being severely affected by several waves of Covid-19 during the first half of this year, China's airfreight transportation is recovering, according to the Civil Aviation Administration of China (CAAC). The number of cargo flights is high, with international cargo flights especially showing year-on-year growth. Between January and July, there were 163,000 cargo flights, including 117,000 international flights, a year-on-year increase of 1.8%, according to Liang Nan, Director of the Administration's Department of Transportation. "The volume of air cargo during the first half of the year followed a V-shaped curve due to the impact of outbreaks in some areas of China, especially Shanghai, but it has recently returned to normal levels," Liang said, noting that flights had been dropping since March and declined to a low of 420,000 metric tons in April.

On April 18, the Chinese government set up a dedicated office to ensure that logistics were unimpeded to resolve the backlog. The transportation and logistics gridlock has gradually eased. Transport volumes began to resume in May. Last month, the civil aviation sector handled 539,000 tons of cargo and mail, an increase of 28.3% over April. Despite the logistics and supply chains being affected by recurring outbreaks and the unstable international situation, the civil aviation system has taken the initiative to ensure logistics are unimpeded. For example, the main international logistics hubs and regional transport centers opened green corridors for the transport of special materials and prioritized the transportation of key materials.

Civil aviation companies have set up a system with companies manufacturing products for key industrial supply chains to improve one-step and door-to-door transportation. Last month, a new dedicated cargo airport opened in Ezhou in Hubei province, demonstrating China prioritizing airfreight transportation in the country. By 2025, the new airport should be handling 2.45 million metric tons of cargo and mail per year, and the long-term goal is to increase that to 9.08 million tons. The new facility will significantly improve the international competitiveness of China's air logistics sector, Liang said, as reported by the China Daily.

Industrial production in Sichuan suspended due to power cuts

Industrial production has been suspended for several days in all but two of Sichuan province's 21 cities due to power cuts. Sichuan, with a population of around 84 million, is China's sixth-largest economy in terms of gross domestic product (GDP), with industry accounting for more than 28%. It plays a leading role in the production of silicon metal, electrolytic aluminum, chemicals, electronics and power-generation equipment. "The power curbs will, for sure, have some negative impact on economic growth. But I think if the power situation improves in a few weeks' time, the industrial producers might be able to catch up with the lost production later on," said Qin Yan, Analyst with financial services company Refinitiv. "At the moment, the situation is quite extreme with heatwaves and drought, therefore regulators have curbed industrial power consumption to ensure residential power supply. "I think the adverse impact on gross domestic product is limited if the power curbs will last less than several weeks."

Sichuan relies on dams to generate around 80% of its electricity, but water flows into hydropower reservoirs have dropped by 50% this month. "Under the continuous high temperature, Sichuan's power load is growing, but due to the low water coming from the Yangtze River during the dry season, Sichuan's main source of electricity consumption – hydroelectric power generation – is limited," said Yuan Jiahai, Professor with the School of Economics and Management at North China Electric Power University. Several provinces suffering from electricity shortages have already been gradually guiding enterprises to reduce electricity consumption since the start of August through initiatives and economic incentives, according to Yuan, who is also a member of the Chinese Society of Electrical Engineering. High-energy-consuming industries had been expecting electricity restrictions, but were unprepared for full shutdowns, Yuan added.

Beijing has recently stressed that there will be no repeat of the power crisis that rocked the country last year, with President Xi Jinping vowing that China "will never allow a major incident like large-scale power cuts to happen again". "On the whole, the uncertainty of the dual effects of the epidemic situation and the high temperatures on industrial production in August is still high," Lu Zhe, Chief Economist at Topsperity Securities, said. But the power restrictions may further expand to other areas amid a scorching heatwave in southern China, Yuan cautioned, even though other regions rely more on coal for energy production, the South China Morning Post reports.

Coffee trading and exhibition platform inaugurated in Shanghai

Shanghai Hongqiao International Coffee Harbor was certified on August 4 as a coffee trading and exhibition platform, and is expected to realize an annual trading volume of CNY10 billion beginning in 2025, backed by a Chinese coffee market whose size may exceed CNY1 trillion by that year, industry experts said. Coffee is the first and one of 10 sectors expected to reach a business scale of CNY10 billion by the end of the 14th Five Year Plan

period (2021-25) at the Hongqiao Import Commodity Exhibition and Trading Center, a year-round trading platform in Shanghai affiliated with the China International Import Expo. Shanghai Hongqiao International Coffee Harbor is expected to serve as a center for imports and exports of coffee-related products.

The Shanghai Coffee Industry Association was also officially launched on the same day. The establishment of the Association allows the harbor to hold talent training events and barista qualifying contests in the future in a bid to enhance Shanghai's standards for the coffee sector. Despite the impact of Covid-19, the number of cafés in Shanghai reached 7,857 as of June 30, much more than the number in New York, London or Tokyo, said Mao Fang, Vice President of Meituan, citing a coffee consumption research report conducted by the online food ordering and delivery service provider.

"Considering the large number of cafés in Shanghai, there will be a need for more than 23,000 baristas in the city. If we can judge a barista's skills using unified standards, we can help enterprises quickly distinguish talent and further promote the quality enhancement of the overall coffee industry," said Xia Yuan, General Manager of the Innovation Business Division of Tim Hortons China, who is also head of the expert team for the latest national vocational technical standards for baristas published in June. **The market size of China's freshly brewed coffee sector rose 41.71% year-on-year to CNY8.97 billion in 2021.** It is projected to soar to CNY15.79 billion by 2023, according to the Meituan report.

But compared with the United States and Japan, freshly brewed coffee consumption in China still lags far behind. Mao said it currently stands at 1.6 cups per person. The figure is 3.8 cups per person for Chinese people living in first and second-tier cities, whereas the figures in Japan and the U.S. are 176 and 313, respectively. China's coffee market has entered a high growth phase. "The nation's coffee industry reached a market value of CNY381.7 billion in 2021, up 27.2% year-on-year, and the overall Chinese coffee market is expected to surpass CNY1 trillion in 2025," said Zhang Ruidong, Director of the Alibaba New Service Research Center, as reported by the China Daily.

Local governments support hydrogen energy industry

China's nascent hydrogen energy industry is growing as local governments and companies race to seize emerging opportunities in the sector's catalytic role in empowering the country's green shift. Several local governments have recently introduced supportive policies to speed up the hydrogen energy industrial layout, promoting fuel-cell vehicles, construction of hydrogen refueling stations and development of industrial chains. Beijing unveiled an initial plan in early August, offering subsidies of up to CNY30 million per project in fields like advanced hydrogen production, storage and transportation as well as hydrogen refueling facilities. Last month, Shandong province said it is looking to build a hydrogen energy industry of over CNY100 billion, roll out at least 10,000 fuel-cell vehicles and build 100 hydrogen refueling stations by 2025.

China has huge growth potential in utilizing hydrogen energy, especially in empowering green vehicles by making fuel cells. Hydrogen can only be generated by consuming primary energy such as coal, natural gas and renewable energy. **China has an annual hydrogen production output of about 33 million metric tons**, but most of the hydrogen comes from fossil fuels. By 2025, the country is expected to have about 50,000 fuel-cell vehicles, and its annual hydrogen production from renewable energy will reach 100,000 to 200,000 tons, according to a plan jointly released by the National Development and Reform Commission (NDRC) and the National Energy Administration (NEA) in March. China had over 270 hydrogen refueling stations by the end of June, a relatively small network compared with the country's extensive number of charging facilities for electric vehicles.

The country has over 300 hydrogen energy-related companies with annual operating revenue of at least CNY20 million. Shell announced in July that its China branch has teamed up with a Chinese counterpart to form a joint venture in Shanghai to build a network of hydrogen refueling stations, Shell's first network in Asia. The JV plans to build six to 10 hydrogen refueling stations in Shanghai and the Yangtze River Delta over the next five years and scale up to 30 stations across the delta by 2030. These 30 stations are expected to provide hydrogen to about 3,000 fuel-cell trucks or buses every day. "We see opportunities across the hydrogen value chain in China," Jason Wong, Executive Chairman of Shell Companies in China said, as reported by the China Daily.

Tesla CEO Elon Musk calls for cooperation with Chinese partners

Tesla CEO Elon Musk called for cooperation with like-minded Chinese partners in clean energy, artificial intelligence, human-machine interface, and space to jointly create a shared future. Musk is the latest U.S. entrepreneur with a warm attitude toward Chinese partners in cutting-edge technologies, which will benefit the world,

experts said. Musk said Tesla was established to solve the problems of the energy revolution, and Chinese enterprises cannot be neglected in the transition. The executive made the comments in an article for a magazine of the Cyberspace Administration of China, the nation's top internet regulator. The article was published online in Chinese.

Dong Yifan, Assistant Research Fellow at the Beijing-based China Institutes of Contemporary International Relations, said: "Musk's comments highlight that the opportunities of the Chinese market and the appeal of Chinese partners are unparalleled for large global companies. That is especially true amid the Covid-19 pandemic. China's efforts to promote industrial transformation and upgrade will continue to create tons of opportunities for foreign companies. Healthy China-U.S. technological ties will benefit the world."

On August 12, the millionth China-made Tesla EV rolled off the assembly line at Tesla's Shanghai plant, which means the facility has produced around one-third of all vehicles the U.S. carmaker has sold across the world. The carmaker said the Shanghai facility is "the most efficient" unit of its global production network. Musk's nod to Chinese partners in AI also reflects the benefits that would ensue if China-U.S. cooperation deepens in the strategically important technology sector, experts said. A report from Stanford University showed that China and the U.S. team up to an astonishing degree on research in AI, despite geopolitical uncertainties. It has quintupled since 2010 and totaled 9,660 papers in 2021, with researchers on both sides seeing benefits in sharing expertise and working together, the report stated. "What's clear is that the amount of collaboration between the U.S. and China in AI has gone up dramatically, and it has gone up much more than any collaboration between two other countries," said Raymond Perrault, AI Researcher at SRI International. China is emerging as a pioneer in AI. The nation filed more than half of all the world's AI patent applications last year, and Chinese researchers produced about one-third of AI journal papers and AI citations in 2021, the China Daily reports.

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