China Business Weekly

30 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 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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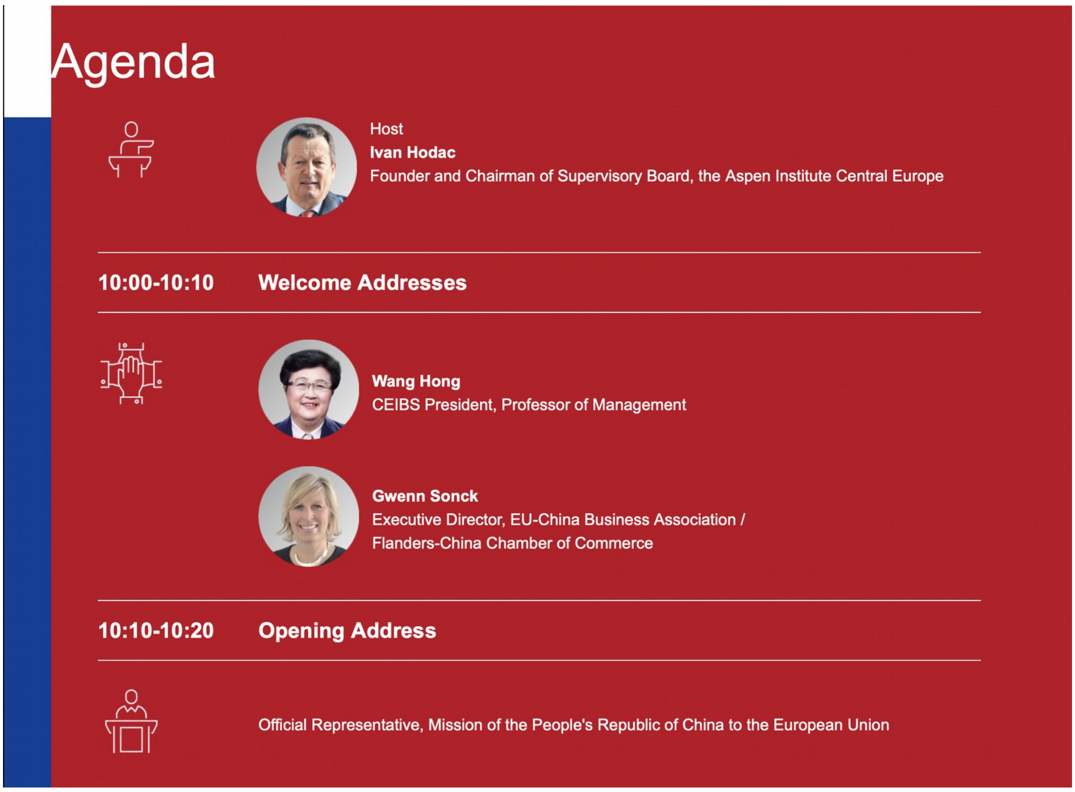
The 8th Europe Forum 2020 – Brussels: China-Europe Cooperation and Decarbonization – September 7, 2022

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.



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

5 campuses in Shanghai, Beijing, Shenzhen, Accra (Ghana) and Zurich (Switzerland)

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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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CLICK to Register

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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PAST EVENTS

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

The Flanders-China Chamber of Commerce, with the support of Flanders Investment and Trade, organized **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 gave a presentation on **the economic and societal tendencies in China (1949 to the present)** on August 25 in Ghent.

A walking dinner followed the presentation, where the participants had the opportunity 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. The walking dinner also gave them the opportunity to exchange views with the new VLEVs on their export or investment plans on the Chinese market.

A detailed report of this event will follow next week.

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HEALTH

PCR test result before departure no longer needed on health declaration; all international arrivals to go 7+3 days in quarantine

China Customs will start using a new declaration form for international arrivals on August 31, no longer requiring proof of a negative Covid-19 PCR test prior to departure, eventual previous infections or vaccination dates. But at the same time Chinese authorities emphasized once again that the change does not mean the relaxation of virus control requirements, as China is still adhering to its dynamic zero-Covid strategy that emphasizes the rapid control of new domestic infection clusters. The new declaration form will be available on paper and in mobile phone applications. Arriving passengers will need to take PCR tests at the airport upon arrival in China and during their quarantine, which will be seven days in a quarantine hotel and three days of home health monitoring if the required conditions are met. While submitting proof of a negative PCR test prior to departure is no longer required on the health declaration form upon arrival, it might still be required for boarding the aircraft, so travelers should contact their airline.

Foreign students are now gradually allowed to return to their Chinese campuses after a two-and-a-half year hiatus of studying online. As of August 24, students with existing visas and residence permits will no longer need to apply for a new visa to enter China. Holders of valid APEC Business Travel Cards will also be allowed to enter China without applying for new visas.

Hong Kong is expected to record more than 10,000 new infections per day in the coming days. On August 28, the city reported 9,708 new infections, and 10 deaths. Government advisers said the latest developments were "expected" and dismissed the need for further tightening of social distancing rules. "Tightening social distancing will further postpone the inevitable, delay the economic recovery and might even worsen the winter Covid-19 and influenza surge," Professor Ivan Hung, Chief of the University of Hong Kong's Infectious Diseases Division said. He urged the government to focus on boosting vaccination among the elderly and children. Restaurants said they expected losses as banquet guests or groups of more than eight diners were required to present a photo of a negative RAT result obtained 24 hours before entry in a measure that came into force on August 28. Instead of taking RAT tests, patrons can also present a text message of a negative polymerase chain reaction (PCR) test issued within 48 hours prior to entry. In total there have been 1,513,972 Covid-19 cases in Hong Kong and 9,664 deaths.

The U.S. government is suspending 26 flights to China by four Chinese airlines from September 5 to 28 in a dispute over antivirus controls after Beijing suspended flights by American carriers. The U.S. Department of Transportation said Beijing violated an air travel agreement and treated airlines unfairly under a system that requires them to suspend flights if a number of passengers test positive for Covid-19 upon arrival in China. U.S. regulators suspended seven flights by Air China from New York and a total of 19 flights from Los Angeles by Air China, China Eastern, China Southern and Xiamen Airlines. The Transportation Department said that was equal to the number of flights United Airlines, American Airlines and Delta Air were required to cancel under Beijing's "circuit-breaker" system.

Chinese officials called the measure extremely irresponsible and a political manipulation of normal business exchanges, harming normal flight operations between the two countries. The Chinese Embassy in the U.S. said that China's Covid-19 "circuit-breaker" measures were fair and transparent, applied both to Chinese and foreign airlines, and were consistent with bilateral air transportation agreements. Until August 7, if up to nine passengers on a flight tested positive, a carrier could either suspend a flight for two weeks or reduce the passengers it carried to 40% of capacity, But since August 7, airlines have been required to suspend a flight if the number of positive tests reached 4% of the number of passengers on one flight.

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

STOCK MARKETS

Agreement reached between U.S. and Chinese regulators to prevent delisting of Chinese companies on U.S. stock exchanges

The China Securities Regulatory Commission (CSRC), the Ministry of Finance and the U.S. Public Company Accounting Oversight Board (PCAOB) signed an audit oversight cooperation agreement to resolve the auditing dispute surrounding U.S.-listed Chinese companies and prevent their forced delisting from U.S. stock exchanges. The U.S. signed similar accords with France and Belgium in 2021. The agreement establishes a cooperation framework in line with the authorities' respective laws and regulatory mandates and sets out specific arrangements for conducting inspections and investigations by both sides. According to the agreement, Chinese and U.S. regulators will both assist with the inspections and investigations of relevant audit firms conducted by the other side. Audit work papers that the U.S. regulator needs access to will be obtained by and transferred through the Chinese side, providing a feasible path for protecting information security while strengthening cooperation on audit supervision, officials said. Accounting firms will be required to meet the rules and regulations of both sides.

The U.S. stock market has responded positively. E-retailer Pinduoduo rose 7% in pre-market trading hours on August 26, while new energy vehicle (NEV) maker Nio was up 4% and financial services provider Futu Holdings rose 6%. By establishing a long-awaited comprehensive audit oversight solution acceptable to the two sides, **the agreement marks a significant breakthrough in resolving the audit dispute regarding U.S.-listed Chinese companies** that has exposed many of them to delisting risks. Peng Wensheng, Chief Economist at China International Capital Corp (CICC), said the agreement is not only good news for investors and public companies, but is also a win-win scenario for the two countries. For U..S.-listed Chinese companies, the agreement will reduce the possibility of forced delistings and help them to get more financing from the capital market, Peng said. For other Chinese companies with the intention of listing overseas, the option of going public on U.S. bourses is now more attractive, Peng said.

The CSRC agreed to the audit papers of Chinese companies being inspected by foreign regulators, provided certain names and addresses of factories, customers and vendors **are redacted** before the papers are released. Confidential data such as personal identity numbers must also be deleted, as required by China's cybersecurity laws. The two statements by the PCAOB and the CSRC did not provide details of their collaboration. The agreement is a first step towards opening access for the PCAOB to inspect and investigate public accounting firms registered in mainland China and Hong Kong, Chairperson Erica Williams said, adding that "the real test will be whether the words agreed to on paper translate into complete access in practice." Inspections could start by mid-September. **A key question remains over where to examine the audit papers.** The CSRC wants the PCAOB to conduct its work in China, in keeping with the letter of the 2019 law that bars financial data from being taken abroad.

However, China's anti-Covid-19 rules for inbound travelers require seven days' quarantine in a government facility, followed by three days at home or in a hotel, a tall order for PCAOB officials who are already used to open travel in the U.S., sources said. Hong Kong is offered as the alternative, since the Special Administrative Region (SAR) is a part of China, and any transfer of data to the city would not breach Chinese law, they said. The city's recently amended "3+4" quarantine rule was also less daunting for inbound travelers, they said. Hong Kong's Financial Reporting Council, which regulates auditors in Hong Kong, has been exploring ways for cross-border inspection of China's audit papers, Chairman Kevin Wong said in June.

Some 168 Chinese companies were listed in the U..S. with a combined market value at USD1.5 trillion on the New York Stock Exchange (NYSE) as of June, audited by 15 Hong Kong and mainland accounting firms registered with the PCAOB. They faced delisting as soon as next year, with the SEC upping the ante since March by declaring New York-listed Chinese companies liable under the 2020 Holding Foreign Companies Accountable Act (HCFAA). Over 163 U.S.-listed Chinese companies have been added to the list since March. Chinese listed companies would face expulsion from U.S. exchanges after three consecutive years of non-compliance. Paul Leder, a former senior SEC official now at Washington-based law firm Miller & Chevalier, said that he expects the Chinese side to "take all steps to ensure that the inspectors get all of the information they request" because the deal "must have required the approval of the Chinese State Council".

This overview is based on reports by the South China Morning Post and the China Daily.

INNOVATION

Lingang Special Area in Shanghai a hotbed of innovation

Shanghai's Lingang Special Area celebrated its third anniversary on August 20 and has turned into a hotbed of innovation and a new economic driver for Shanghai. At least 87 systematic innovations have been developed in Lingang since its launch, as part of the China (Shanghai) Pilot Free Trade Zone.

Danish shipping firm A.P. Moller-Maersk has recently experienced such systematic breakthroughs. At the end of May, when business was recovering from Covid-related disruptions in Shanghai, **Maersk conducted its first coastal relays involving international cargo** from Yangshan Port in Lingang to Tianjin. Maersk thus became the first foreign company to conduct international relay shipments in China. International cargo shipments between two Chinese ports or cabotage had been strictly prohibited for foreign carriers.

Europe's major asset management company **Amundi set up the first foreign-controlled wealth management joint venture in China** by teaming up with Bank of China Wealth Management. With operations registered in Lingang, the JV saw its assets under management exceed CNY50 billion in one year. More than 130 products have been released so far. Opening-up in key areas has been one major task for Lingang over the past three years in order to better facilitate investment, said Zhao Yihuai, Deputy Director of the Lingang Special Area Administration.

Efforts have been made to create an investment environment with a level playing field in Lingang, so that foreign companies can set up wholly-owned entities or companies with controlling stakes in the area. More participation of foreign capital has also significantly elevated business activity in Lingang, Zhao said. **Since its launch, 64,000 companies were newly registered in Lingang**, an average of more than 90 new companies per day. Over 200 shipping companies have set up operations over the past three years, of which 12 are among the world's 50 largest logistics companies. Up to 400 financial service providers have also set up branches in Lingang. According to the mission that the central government assigned to Lingang in 2019, the area should seek systematic innovations by realizing higher levels of investment freedom, advancing free trade, facilitating capital flow, promoting transportation efficiency, creating a more amiable employment environment and providing smoother data flow.

Shanghai Mayor Gong Zheng said in early August that **an updated plan for Lingang's development is in the pipeline** to nurture more systematic innovations. Zhao Xiaolei, Director of the FTZ Research Institute at the Shanghai University of Finance and Economics, said the core function of Lingang is to gather resources from around the world so that the area can grow into an internationally influential and competitive special economic zone.

The amount of foreign capital injected into the Lingang Special Area in the first six months surged 263.3% year-on-year to nearly USD1.2 billion, exceeding the target of USD900 million for 2022. When production and daily life gradually returned to normal in late May, a total of nine foreign enterprises inked agreements with the Lingang Administrative Committee to set up more operations. The research and demonstration center of German vehicle design firm Isdera is one of the new projects. Stefan Peters, General Manager of Isdera (Shanghai) Automotive Technology, the local unit of the German company, said the Lingang base is scheduled to go operational in the first half of 2023. Thanks to Lingang's geographical advantages, Isdera will build a sports car supply chain to meet demand from clients in Europe, the Middle East and Asia, he said. "The solid industrial foundation and the complete automotive industrial chain in Lingang are of much appeal to international carmakers of our kind," Peters said.

Singapore's United Overseas Bank announced it would set up a branch in Lingang in early May. Scheduled to go operational in early September, UOB's Lingang branch will become the first foreign bank to have a physical presence in the area. Peter Foo, President and CEO of UOB China, said the opening-up policies in Lingang adopted over the past few years have largely facilitated international trade, investment and capital flow. UOB's Lingang operations aim to provide more innovative solutions regarding cross-border capital management, offshore trade, overseas fund investment and sustainable finance, Foo added.

By the end of July, Lingang was home to 2,604 foreign companies, which is more than double the number three years ago when Lingang was included in the Shanghai FTZ. "Further opening-up is the biggest mission assigned to Lingang," said Chen Jinshan, Director of the Lingang Special Area Administration. The Administrative Committee will seek more breakthroughs in areas of foreign capital, cross-border capital flow, talent flow and special tax mechanisms, the China Daily reports.

By 2025, Lingang should be home to over 1,000 high-tech companies, of which at least 10 should be listed on the technology-heavy STAR Market in Shanghai. More than 100 research and development institutions should have set up shop there by 2025, with another eight first-rate international laboratories operating in the area. The IC industrial value in Lingang should exceed CNY100 billion by 2025, compared to CNY10 billion in 2021. The area should be home to five world-leading chipmakers and another five leading material companies with an annual income of CNY2 billion. Corporate income tax rates for companies specializing in IC, artificial intelligence, biomedicine and civil aviation have been set at 15% in Lingang, compared to the usual 25% in the rest of China.

CHINA NEWS ROUND-UP

China's public cloud market to triple by 2025 according to McKinsey

Analysts at McKinsey expect China's public cloud market to triple in size in the next few years, from USD32 billion in 2021 to USD90 billion by 2025, as industrial and manufacturing companies shift their information technology workloads to the cloud, according to the consultancy's latest report, which surveyed 278 decision makers in enterprise IT, digital and cloud from a wide range of sectors. "Digital transformation is strongly correlated with cloud adoption. **By 2025, 78% of all IT workloads will be on the cloud in China"**, said McKinsey Partner Shen Kai in a media briefing. In 2021, only 59% of IT workload was distributed on the cloud, according to the report. Cloud computing services enable companies to buy, sell, lease or distribute a range of software and other digital resources as on-demand services over the internet, just like electricity from a power grid. These resources are managed inside data centers.

The industrial sector will lead the next wave of cloud migration in China, taking over from consumer-facing firms, with 32% of its local IT workload expected to migrate to cloud by 2025, the highest among all sectors, according to the report. Ranked behind it are travel and logistics, retail and fast-moving consumer goods, and finance. "The future development of the cloud can help these industries to improve their overall productivity," Shen said.

The report comes as China has been ramping up support for the digitalization of the industrial and manufacturing sectors. In its 14th Five Year Plan for 2021 to 2025, China set out a goal for digital transformation of the two sectors, with the adoption of industrial internet-platform applications to triple from 15% to 45% over four years. China's tech giants are expected to maintain their leadership positions in the market. Currently **Alibaba Group Holding, Huawei Technologies Co and Tencent Holdings lead China's cloud market.** "There is quite a big and obvious gap between the top three cloud vendors and other emerging or small vendors," said Shen. "I think the top three positions will not likely change in the next five years assuming there is no major market consolidation, but there could be some adjustments in their relative shares."

Alibaba, Tencent and Huawei, which together have more than half of China's cloud computing market, have doubled down on their cloud businesses to fuel new growth as the tech giants weather hard times amid a slowing economy, weakening consumer demand and regulatory pressure. In the second half of 2021 Alibaba had 36.7% of China's public cloud Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) market, with Tencent and Huawei accounting for 11.1% and 10.8% respectively, according to market research firm IDC. Analysts at McKinsey also noted that China has a higher proportion of private cloud, which is expected to reach 42% by 2025 compared with 36% for public cloud, the South China Morning Post reports.

Installation of rechargers for 20 million NEVs planned by 2025

China's Ministry of Transport (MOT) vowed to improve new-energy vehicle (NEV) charging facilities along the nation's highways, according to a construction outline issued by the Ministry, a further step to meet both NEV owners' charging needs and China's greenhouse gas emissions reduction goals. The outline pointed to the need for highway charging facilities capable of serving 20 million NEVs by the end of the 14th Five Year Plan period (2021-25). The expansion will take place gradually and the density of charging stations will be increased.

The Ministry said that China is expected to deploy charging facilities to all highway service areas except those in high-altitude areas by the end of 2022. Highways connecting provinces will provide charging services by the end of 2023, with highways connecting rural roads covered by 2025. China had 10.01 million NEVs on the road as of June, with the number expected to expand to 25 million in 2025 and 80 million in 2030. Transport authorities and highway operators have built more than 13,300 NEV chargers in 3,102 service areas on highways, the MOT said. The China Association of Automobile Manufacturers (CAAM) said that the number of NEV charging facilities has reached 3.92 million, up 101.2% year-on-year.

From January to July, 3.279 million NEVs were produced in China, and sales hit 3.194 million, both up 120% year-on-year. China had set up 3.92 million NEV charging piles, the most worldwide, as of June, said the National Energy Administration (NEA). The industry development outline issued in November 2020 stated that the construction of NEV chargers would be eligible for financial support and use of public infrastructure. Industry analysts suggested that the scale of the NEV charger market may exceed CNY1 trillion in the next decade, the Global Times reports.

In the first half, more than 2.2 million NEVs were newly registered, 1.11 million more compared with the number of new registrations a year prior. **By the end of June, the total number of NEVs on China's roads surpassed 10 million, accounting for 3.23% of the total number of vehicles**, said the Ministry of Public Security.

Shanghai battling unprecedented heatwave

The unprecedented heatwave in Shanghai has raised concerns about the possibility of a power crunch and disruption to construction work, hampering the city's economic recovery from a two-month Covid-19 lockdown. This summer, China's biggest commercial city recorded at least seven days where the temperature rose above 40 degrees Celsius, the most since meteorological records started in 1872, according to the local meteorological station. Shanghai also logged its hottest day ever on July 13, when the mercury hit 40.9 degrees. Large parts of the country have been affected by a severe drought because of the record-breaking heatwave. The hot weather prompted local authorities to switch off lights along The Bund waterfront and the Lujiazui finance zone, where the Shanghai Stock Exchange and HSBC Tower are located, for two days to conserve power to ensure supplies for industrial and household use.

“The sweltering heat has posed yet another challenge to the local economy after it was walloped by a two-month citywide Covid-19 lockdown,” said Wang Feng, Chairman of Ye Lang Capital, a Shanghai-based finance firm. “Most manufacturing companies have been prepared to operate at reduced capacity because of power shortages and concern for their staff's health and well-being.” The heatwave has hit the city's efforts to get its damaged economy back on its feet after the two-month lockdown was lifted on June 1. The lockdown caused Shanghai's economy to contract by 13.7% in the second quarter, the worst slowdown in more than four decades.

Shanghai has so far avoided power cuts that have affected large parts of the country since July, allowing manufacturers and service providers to maintain smooth operations. But the decision to temporarily turn off the lights along The Bund was a clear sign that the local electricity distributor was under pressure to sustain power supply to the city of 25 million people, said a State Grid official. Shanghai, home to 2.67 million businesses, consumes massive amounts of power, which rocket during the summer when residents and businesses crank up the air-conditioning. Sufficient power supply is also needed to keep key facilities such as Yangshan Port and Pudong International Airport running. Companies like electric carmaker Tesla and China's biggest chip maker Semiconductor Manufacturing International Corp (SMIC) also need huge amounts of power. Meanwhile, the Shanghai government has ordered a halt to outdoor work on construction sites between 11 am and 3 pm on days when the temperature is above 35 degrees.

A survey by Shanghai-based real estate agency E-house R&D Institute found that the current average vacancy rate of 20 grade A office buildings and shopping malls was 9%, above the “warning line” of 5%. Super Brand Mall in Lujiazui was the worst hit, with a vacancy rate of 34%. “Hundreds of shops in the Tangqiao subdistrict have closed down since June 1 when Shanghai lifted the lockdown because they could not sustain operations,” said Zhang Yixiang, a small restaurant owner in Tangqiao, Pudong. “A big wave of business closures might have eased the power shortage woes,” the South China Morning Post reports.

Chinese government takes 19 measures to support the economy

The Chinese government unveiled 19 policies specifically aimed at various economic challenges such as extreme weather and the troubled housing market, in the latest effort to boost the recovery of the world's second-largest economy that is grappling with record-setting heat waves, sporadic Covid-19 outbreaks and falling market sentiment. With the government funneling more targeted policy support into the weak links of the economy, a more solid rebound is on the horizon, observers said. The measures were released after the Chinese A-share market saw sharp losses on August 24, as investors face global economic uncertainties. The Chinese economy has been in recovery since June, but the foundation for the rebound is not yet solid, according to an executive meeting of the State Council presided over by Premier Li Keqiang.

Among the 19 new policy measures was the addition of more than CNY300 billion in quotas for financial instruments, and a green light for power generation firms and others to issue CNY200 billion of bonds. Also on the list was the allocation of CNY10 billion for farm equipment and materials. China will also allocate CNY10 billion to help rice farmers cope with drought. The policies also include the approval of a batch of new infrastructure projects and the rolling out of measures to support the development of privately run businesses and the platform economy. The 19 follow-up measures focus on the most prominent growth challenges, experts said, citing a national push to ensure power supply for households and businesses and to strive for a successful autumn grain harvest in the wake of record heat waves and drought.

This batch of measures follows 33 others announced in late May aimed at tackling specific challenges and keeping economic operations within in reasonable range. The measures cover fiscal and monetary support, investment, consumption, food and energy security, and supply chain stability. Li Daxiao, Chief Economist at Shenzhen-based Yingda Securities, told the Global Times that as the 19 measures are targeted solutions for several sectors that have relatively large problems, such as the property market, there should be a relatively obvious impact on investor confidence and the capital market. “The economy supports the stock market, and the newly launched policies show clear, pragmatic, targeted and substantial support for troubled economic sectors,” Li said.

Hong Kong and Macao lawyers allowed to practice in some Guangdong cities

Hong Kong and Macao lawyers have started to participate in mainland trials after receiving licenses to practice in the Guangdong-Hong Kong-Macao Greater Bay Area. The first case represented by a Hong Kong lawyer – a dispute between Hong Kong litigants over a property in Shenzhen – opened at the Futian District People's Court in Shenzhen on August 17. The first case represented by a Macao lawyer was successfully mediated online on August 16 by a court in Guangzhou. They are among the first group of lawyers from the two Special Administrative Regions (SARs) to be granted certificates to practice law in nine Guangdong cities in the Greater Bay Area in July. On August 19, another 21 Hong Kong and Macao lawyers in Shenzhen also received licenses. "The Greater Bay Area provides a platform for Hong Kong lawyers to access the vast mainland market as we can deal with cases involving not only Hong Kong citizens, but also mainland litigants in the area," said Junius Ho, the lawyer in the first Hong Kong case. "After I received the license, litigants in about 10 to 15 cases have approached us," the Hong Kong lawyer told China Daily. "The majority are about cross-border legacy disputes, intellectual property protection and Hong Kong citizens' investment on the mainland.

"Hong Kong lawyers have advantages in taking international projects, but mainland counterparts are improving very quickly," he noted, saying he is "excited and nervous" about the new journey. He is looking forward to sharing his "debut" experience with the legal service industry in Hong Kong. He also proposed that The Law Society of Hong Kong set up a platform for collecting all Hong Kong lawyers' practice experiences in the Greater Bay Area and encourage more to join.

Tian Jingjing, the judge in Ho's case, said that Hong Kong and Macao lawyers are professional and international and can provide high-quality cross-border judicial services. **"Their practice in the nine cities of the Greater Bay Area** can give full play to the role of a bridge, and promote the connection and integration of legal services between the mainland and the two SARs," Tian said. The admission of Hong Kong and Macao lawyers can also increase the competitiveness of mainland law firms, especially those with international businesses, said Wang Shouqun, Secretary General of the Qianhai Belt and Road Legal Service Federation. In the future, she estimated they will be an integral part of comprehensive and large-scale law firms in the area, the China Daily reports.

U.S. is keeping import tariffs on Chinese goods

The four-year expiration date on a portion of Washington's punitive tariffs on imports from China came and went on August 23, leaving in place a 25% levy on goods worth about USD16 billion, despite ambivalence from U.S. President Joe Biden's administration. The additional duties on Chinese imports, initiated by former U.S. President Donald Trump, come under four lists. List 1 took effect on July 6, 2018, and applies to machinery and manufacturing parts such as for aircraft, covering USD34 billion worth of Chinese goods. List 2 covers products ranging from construction to cars, and encompasses USD16 billion worth of goods, effective for another four years from August 23.

In total, the U.S. sanctioned Chinese imports worth USD300 billion as of 2019 under all four lists, citing a "massive" trade deficit and "unfair" trade practices. The Office of the U.S. Trade Representative on May 5 initiated a review of the two batches of tariffs, seeking feedback from representatives of domestic industries that benefited from them. As of the August 23 deadline for List 2, 152 submissions were received in favor of extending those tariffs, while over 300 requests were accepted to keep List 1 tariffs in place as well. A notice from the USTR Federal Register said it would automatically renew the tariffs if it received even a single request to continue them. Current rules under section 301 of the 1974 Trade Act require the government to assess after four years if the imposed tariffs had benefited Americans, according to Nicole Bivens Collinson, who leads the international trade and government relations practice at Sandler, Travis and Rosenberg, a Washington-based law firm.

"We expect the tariffs will remain in place, and the USTR will issue another Federal Register notice, this time asking for comments from the entities that were harmed by the implementation or the continuation of the tariffs," said Bivens Collinson. He expressed hope that any future tariff relief would depend on economic factors rather than the USTR's review. "The Biden administration might decide that, in order to complement the effects that they are expecting from the Inflation Reduction Bill 2022, that they take additional action on specific, maybe consumer products," Bivens Collinson said.

Rising prices are exacting a heavy toll on U.S. consumers. The Peterson Institute for International Economics calculated earlier this year that **American households would save an average of USD797 annually if the tariffs now in place were reduced.** But following U.S. House Speaker Nancy Pelosi's trip to Taiwan, U.S. Commerce Secretary Gina Raimondo acknowledged that the visit had "particularly complicated" existing tensions with China. "Certainly, it has made it a little more challenging," Raimondo said. Recently the Biden administration has indicated it is of two minds as to whether to back lifting the tariffs. In July, Treasury Secretary Janet Yellen testified in Congress that some of the tariffs were being "paid by Americans, not by Chinese", yet U.S. Trade Representative Katherine Tai contended that "China tariffs" were a "significant piece of leverage, and a trade negotiator never walks away from leverage", the South China Morning Post reports.

The U.S. has added seven Chinese institutes and companies to its Entities List, accusing them of "acquiring and attempting to acquire U.S.-origin items in support of China's military modernization efforts". There are now around 600 Chinese entities on the list, with 110 having been added during the Biden administration. U.S. companies wanting to sell equipment to those entities need to obtain a special export license.

More than 14,000 firms to attend services trade fair in Beijing

Beijing is making full preparations for the upcoming 2022 China International Fair for Trade in Services (CIFTIS), which will accelerate the consumption recovery and upgrading in China, while providing opportunities for foreign companies to integrate into the country's vast services market. "We have basically completed preparations for the event and we're in the final sprint," Vice Minister of Commerce Sheng Qiuping said at a press briefing. **CIFTIS will be held in Beijing from August 31 through September 5.** Sheng said that the fair's role as an important platform for opening-up will be given further play this year, with more than 200 events on topics including opening-up and cooperation in the services trade, green development and digitalization. This year, the exhibition area is 26,000 square meters larger than last year, Vice Mayor of Beijing Yang Jinbai said, adding that 1,407 enterprises will participate on-site at the event, up 13.8% year-on-year, of which 446 are Fortune Global 500 companies and industry leaders.

The overall internationalization rate stands at 20.8%, up nearly 3 percentage points year-on-year. Altogether 71 countries, regions and international organizations had confirmed to stage exhibitions or hold meetings at the CIFTIS, including the United Arab Emirates (UAE), Germany, the UK and the World Meteorological Organization. Ten countries, including the UAE, Switzerland, Italy and Australia, will hold exhibitions at the event in their countries' names for the first time, Yang said. As China is accelerating the implementation of the new development paradigm, the added-value of the country's services sector has soared 1.49 times over the past 10 years, and cumulative trade in services has exceeded USD4 trillion, further cementing the advantage of China's ultra-large market.

In the first half of the year, China's trade in services maintained relatively fast growth, with a total of CNY2.9 trillion, up 21.6% year-on-year. With the Regional Comprehensive Economic Partnership (RCEP) having taken effect, China is now applying to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPATPP) and the Digital Economy Partnership Agreement (DEPA), in a bid to promote free and convenient services in the region and the digital trade, the Global Times reports.

China has also decided to implement a negative list for cross-border trade in services and to expand opening-up in the services sector. Wang Dongtang, Director General of the Department of Trade in Services and Commercial Services at the Ministry of Commerce (MOFCOM), said China's trade in services has maintained rapid growth momentum since 2012, with an average annual growth rate of 6.1%, about 3.1 percentage points higher than the global growth rate.

ARTICLE FROM EU SME CENTRE

Mandatory GACC Registration for European Food & Beverage Establishments

China's food safety governance has been significantly strengthened over the past years. The overarching governing framework is represented by the Food Safety Law of the People's Republic of China (Second Revision) and the more detailed Implementing Regulations of the Food Safety Law. The two documents set out comprehensive and clear requirements for the production, import, export, sale, recall, and traceability of food products in China, aimed at establishing a whole-process supervision and control system.

A key element outlined by the Food Safety Law is that all F&B operators shall be liable for the safety of F&B products that they produce or distribute. On this basis, in April 2021, the General Administration of Customs of the People's Republic of China (GACC) issued the Administrative Provisions on Registration of Overseas Manufacturers of Imported Foods, which officially came into force on 1 January 2022. The Provisions, commonly referred to as GACC Decree 248, stipulate that all overseas establishments that produce, process, or store any type of F&B product that is exported to China must register through a dedicated platform, obtain a registration code from GACC, and display it on the product's inner and outer packaging – before the product is exported to China. Together with another GACC regulation which came into force at the same time – GACC Decree 249 – the regulation significantly increases the responsibility and liability of overseas F&B establishments and of the food safety competent authorities in their countries.

However, the ambition to achieve the objectives of GACC Decree 248 has not always been accompanied by adequate awareness-raising efforts to instruct the overseas F&B establishments concerned. Many doubts, uncertainty, and questions on different aspects of the registration process continue to exist even after a few months of enforcement; these are often combined with IT bugs or sudden changes in the registration system which are rarely explained. A frequent outcome is rejection of applications submitted by overseas F&B establishments, in turn making it temporarily impossible for them to export their products to the Chinese market. Many have reached out to the EU SME Centre seeking assistance with their specific cases.

For this reason, these guidelines were produced to assist European F&B establishments to complete the mandatory GACC registration process. Register or log in to download this guideline for free.

You will learn in this guideline:

- an overview of the key elements of GACC Decree 248 is provided, focusing in particular on the scope of application, different risk levels of F&B categories, packaging requirements, as well as overall significance and impact.

- the seven key steps that European F&B establishments must follow to complete the GACC registration process, supported by screenshots taken directly from the system as well as tips on how to avoid mistakes.
- the new requirements to display the GACC registration code on the packaging and labelling of different product categories.
- a summary of Frequently Asked Questions (FAQs) that the EU SME Centre has received from European F&B establishments, and which were successfully addressed by a team of experts – often after several rounds of calls with GACC operators.
- a list of the food safety competent authorities in EU Member States is provided, as close coordination with them will be required for certain F&B product categories.

Read the guidelines here

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