

China Business Weekly

6 September 2022



FCCC/EUCBA ACTIVITIES

Exclusive dinner meeting with the Consuls General of Belgium in Shanghai, Guangzhou and Hong Kong SAR – 7 September 2022, 18h00

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7 September 2022, 18h00



Mr. Bruno Jans
Consul General of Belgium in
Shanghai

Mr. Luc Truyens
Consul General of Belgium in
Guangzhou

Mr. David Lomastro
Consul General of Belgium in
Hong Kong SAR

Mr. Kurt Vandeputte
Chairman
Flanders-China Chamber of Commerce

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, Aspen Institute Central Europe

10:00-10:10 **Welcome Addresses**

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

 **Jochum Haakma**
Chairman, EU-China Business Association

10:10-10:20 **Opening Address**

  **Minister Wang Hongjian**
Chargé d’Affaires ad Interim, Mission of the People’s Republic of China to the European Union

10:20-10:40

Keynote Speech: EU and China Decarbonizing Together?



Pascal Lamy

Former Director-General of the World Trade Organization (WTO);
Distinguished Professor, CEIBS;
Chair of the Paris Peace Forum;
Coordinator of the Jacques Delors Institutes (Paris, Berlin, Brussels);
Former EU Commissioner for Trade

10:40-11:50

Panel Discussions



Moderator

Ivan Hodac

Founder and Chairman of Supervisory Board, 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



Zhang Haitao

President, Huayu Automotive Systems Co., Ltd.



Guido Giacconi

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



Wang Renxuan

Assistant Professor of Finance, CEIBS

11:50-12:00

Closing Addresses



Ding Yuan



Vice President and Dean;
Cathay Capital Chair in Accounting, CEIBS



Gwenn Sonck

Executive Director, EU-China Business Association &
Flanders-China Chamber of Commerce

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

 <p>#1 business school in Asia; both MBA and Global EMBA programmes ranked in the top 20 globally by the <i>Financial Times</i></p>	<p>5 campuses in Shanghai, Beijing, Shenzhen, Accra (Ghana) and Zurich (Switzerland)</p>	<p>Largest alumni network among all Chinese business schools</p>
 <p>EU-wide federation of national non-profit business organizations with specialization and particular expertise in exchange of knowledge on investments and trade with China</p>	<p>Unites 20 members in 20 countries representing more than 20,000 companies in all branches of industry, commerce, and service sectors</p>	<p>Promotes direct investment and trade between China and the EU through international exchange of information and joint projects of its members</p>

* 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

Walking dinner with the new Flemish Economic Representatives in China, Mr Koen De Ridder (Beijing) and Mr Frank Van Eynde (Shanghai) – 25 August 2022



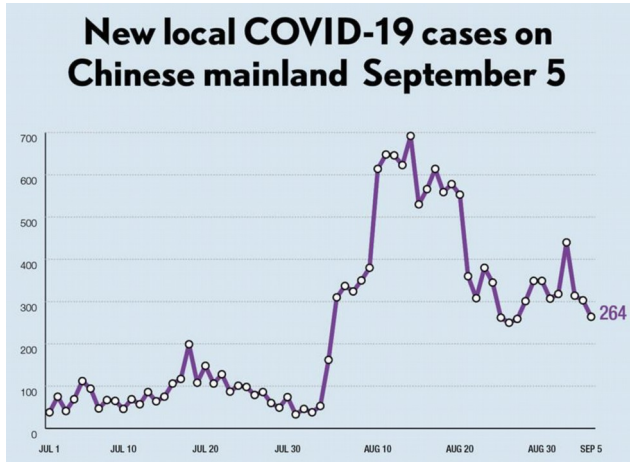
The Flanders-China Chamber of Commerce, with the support of Flanders Investment and Trade, organized a **walking dinner with the new Flemish Economic Representatives in China, Mr Koen De Ridder (Beijing) and Mr Frank Van Eynde (Shanghai)**. Before his departure to Beijing, Mr De Ridder gave a presentation on **the economic and societal tendencies in China (1949 to the present)** on August 25 in Ghent.

Above, some pictures of the event. The report will follow next week.

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HEALTH

Latest Covid-19 flashpoints reported in Chengdu and Shenzhen; 33 cities under partial or full lockdown



Several Covid-19 outbreaks are still occurring in China, with around 300 confirmed cases per day, rising to more than 400 on September 2. The worst hit province is Sichuan, where the provincial capital Chengdu has been put in lockdown since 6 pm on September 1. An outbreak of Omicron BA.2.76 has been traced back to a swimming pool. Schools and universities in many parts of the country delayed the return of students or suspended offline teaching due to the epidemic. The lockdown in Chengdu was announced after 766 cases were reported. Chengdu's two airports announced the cancellation of a large number of flights. The pressure on epidemic prevention and control is very high, said Fan Shuangfeng from the Chengdu Center for Disease Control and Prevention. Chengdu apologized after the PCR test registration system crashed, causing long queues at testing stations. Many could not complete the tests.

In Shenzhen, the most populous district Baoan and tech hub Nanshan were in semi-lockdown, suspending large events and indoor entertainment for a few days and the city ordered stricter checks of digital health credentials for people entering residential compounds. The city of over 17 million escalated restrictions to a level unseen since March, when a week-long lockdown was imposed citywide to contain the few dozen cases that were detected daily. Last week, local authorities recorded the highest daily tally in about half a year. In contrast, life in neighboring Hong Kong, where over 10,000 daily cases are reported, remains largely uninterrupted, as tens of thousands of children returned to school for the start of a new academic year.

The Shenzhen government is also limiting travel out of the city by requiring departing travelers to present two negative PCR tests within 48 hours before boarding a plane or a train. Business visitors fled the city upon learning late on the night of August 30 that the Pet Fair Asia in Baoan had been canceled just hours before it was scheduled to open. Many exhibitors and visitors took a taxi to Guangzhou airport after midnight, since a lot of flights were canceled in Shenzhen and the available flights were expensive. Other flashpoints are Tianjin and Hebei province. The central

urban areas of Dalian, Liaoning province, with around three million inhabitants, were also in lockdown. In Hainan province and in Tibet the outbreak is basically under control.

Currently 33 cities are under partial or full static management (lockdown), affecting more than 65 million residents. Authorities advised people to delay long-distance travel during the two most important holidays in the second half of the year – the Mid-Autumn Festival (10-12 September) and the National Day Holiday (12-7 October) – to stop the spread of the virus. Beijing officials said that with the two holidays approaching and the mobility of people entering and returning to Beijing continuing to increase, the capital will be stricter in managing the prevention and control of the epidemic.

Last week, Shanghai inaugurated a vaccine industrial park for the research and production of innovative vaccines for Covid-19, monkeypox and other diseases. The Shanghai Innovative Vaccine Technology Park, covering 850,000 square meters, was unveiled in the city's former iron and steel production base in Baoshan District, bringing together the world's leading vaccine and biomedicine companies. "It will mainly focus on the general-purpose, tumor and polyvalent vaccines and aims to become a high-end manufacturing base and R&D innovation center for biological vaccines," Chen Jie, Party Secretary of Baoshan said. More than 600 million doses of vaccines are being manufactured in China with a market value of CNY35 billion. The Covid-19 pandemic and other epidemic diseases such as monkeypox have forced domestic vaccine companies to accelerate their research and development, according to Zhang Quan, Director of the Shanghai Science and Technology Commission.

A number of leading Chinese biomedicine firms are based in the park, including Shanghai Pharma, CanSinoTech and the Suzhou-based Abogen, developer of one of China's first messenger RNA (mRNA) Covid-19 vaccines, which will finish its phase-3 trial soon. Ying Bo, CEO of the company. Baoshan aims to become a new landmark for Shanghai's biomedical sector with a full industrial chain. Meanwhile, a gigafactory of CanSino Biologics has already started operating in the park. It can produce 200 million shots of Convidecia Covid-19 vaccines annually. CanSino Biologics announced that its inhalable Covid-19 vaccine has been given emergency use authorization by the country's top drug regulator. It is an aerosolized version of the single-shot, adenovirus-based viral vector vaccine already in use domestically and worldwide. It will be used as a booster only. **From August 1 to 24, a total of 685 inbound passenger flights arrived in China, with an average of 200 flights per week, an increase of 16%** compared with the daily average in July. Over 30% of the flights were from South Korea and Japan, according to VariFlight. This overview is based on reports by the China Daily, Shanghai Daily, Global Times and South China Morning Post.

FOREIGN TRADE

China International Fair for Trade in Services (CIFTIS) held in Beijing; negative list for trade in services to be issued



China will introduce a nationwide negative list for cross-border trade in services to create more market access for global companies, officials said. The number of industries covered by a negative list for foreign investment has been reduced for five consecutive years. The off-limit items for foreign investors were cut to 31 in the 2021 version of the negative list from 33 in the 2020 version, while the 2021 negative list for foreign investment in industries in pilot free-trade zones was reduced to 27 from 30. A negative list refers to specific areas of industry where foreign investors are not allowed to operate. China introduced a negative list for cross-border trade in services at the Hainan Free Trade Port last year.

Addressing a forum during the **2022 China International Fair for Trade in Services (CIFTIS) in Beijing**, Vice Minister of Commerce Wang Shouwen said China plans to conclude the negotiations on the World Trade Organization's multilateral agreement on investment facilitation for development by the end of this year. The value of China's trade in services jumped 20.7% on a yearly basis to CNY3.39 trillion in the first seven months of the year, according to the Ministry of Commerce (MOFCOM).

Experts discussed investment opportunities arising from the development of the "two zones" in Beijing, seeking greater win-win development at a forum on Beijing Theme Day, part of the 2022 China International Fair for Trade in Services. The two zones – **the Integrated National Demonstration Zone for Opening Up the Service Sector and the China (Beijing) Pilot Free Trade Zone** – offer development potential for both the host city and entrepreneurs. Some 500 attendees, including 36 trade associations from China and abroad and executives from more than 200 multinationals and leading businesses attended online or in-person. They exchanged insights on how to make use of the favorable policies offered in the two zones and capitalize on Beijing's advantages in technological innovation, opening-up of the service industry and the digital economy to attract more high-quality service providers to the city.

The forum released a report on investment and development in Beijing and a white paper on the city's

digital trade. They reveal Beijing's investment hot spots, business opportunities and huge cooperation potential, providing information for investors and entrepreneurs from home and abroad. The two zones were established in September 2022. The Beijing-Tianjin-Hebei National Center of Technology Innovation, China's first comprehensive national-level technology innovation center, is under construction. Over the past two years, more than 80 landmark projects have been developed in the two zones and a "white list" system for imports in the research and development sector has been launched.

The China-Europe partnership for green growth was emphasized at the China-Europe Innovation Investment Conference during the 2022 CIFTIS.

"China's commitment to achieve its dual carbon goals creates the needed momentum to speed up global green growth and fundamentally change the dynamics of our joint efforts to tackle climate change," Marc Hubsch, Luxembourg's Ambassador to China, said in remarks to the conference. "I stress joint efforts because climate change, biodiversity loss and environmental degradation are existential threats to Europe, China and the whole world. China and the EU have been pulling in the same direction, and the leadership that both China and the EU have shown in this area will further drive the growth of sustainable finance," the Ambassador said. There will be significant investment opportunities in ecological protection and the low-carbon transition, buoyed by a recent wave of market reforms that have triggered a gradual liberalization and internationalization of China's financial sector, he continued. China and the EU have agreed to strengthen bilateral cooperation in emissions trading, clean energy, climate-related technology and investment in climate and clean energy projects. Wang Yi, Vice President of Renmin University of China, said at the conference that China's economic and trade ties with Europe have extended into high-end technological spheres, including aviation, aerospace and biology. An environmental services section debuted at this year's CIFTIS.

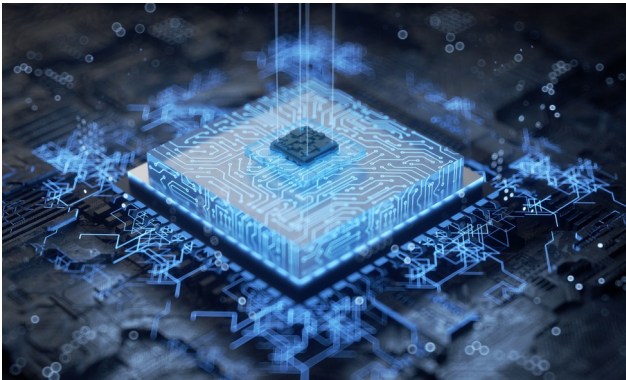
Meanwhile, **the fifth World Artificial Intelligence Conference (WAIC) was held in Shanghai.** "Shanghai is the center of China's innovative AI development, and the WAIC has become an important platform for promoting AI industrial communications and collaborations," said Jin Zhuanglong, newly-appointed Minister of Industry and Information Technology, in a speech via video at the opening ceremony. In the past four years, the event has attracted more than 2,000 guests and featured over 600 corporate participants, while 155 major projects with a combined investment of CNY110.7 billion were signed. "The combined output value of AI enterprises with an annual revenue of CNY20 million or above, has surpassed CNY300 billion," said Gong Zheng, Mayor of Shanghai. He added that Shanghai has about one-third of the nation's specialized AI talent, soaring since 2018 from 100,000 to 180,000, while the industrial scale of the city's AI industry

has doubled. Themed “Intelligent Connectivity, Infinite Multiverse”, the Shanghai event has attracted more than 200 exhibitors to showcase their products in a 15,000-

square-meter exhibition area. Among them, more than 30% are making their debut, the China Daily reports.

IT & TELECOM

SMIC now capable of making 7 nm chips, on par with Intel, TSMC and Samsung



Canada-based research firm TechInsights has reiterated its earlier conclusion that China's top chip maker Semiconductor Manufacturing International Corp (SMIC) had made a key technological breakthrough that puts it on a par with its main competitors. TechInsights said SMIC had begun using the 7 nanometer process to produce semiconductors, although the company has not officially confirmed this. Analysts said in the updated research note that SMIC had indeed achieved technological maturity, as measured by “standard cells” – the basic building blocks in logic chipset designs – that can rival the world's leading foundries, such as Taiwan Semiconductor Manufacturing Co (TSMC), Samsung Electronics and Intel.

SMIC, which is on a U.S. trade blacklist and facing additional restrictions on the import of advanced equipment, declined to comment on the findings. The Hong Kong-listed company's financial statements do not contain any mention of 7 nm grade technology. China's push to catch up to the U.S. on chip technology faces strong headwinds after the White House signed the

bipartisan Chips and Science Act into law, with the aim of deterring TSMC, Samsung, Intel and others from investing in advanced manufacturing, including 7 nm process technology or newer, in mainland China. Washington is also lobbying the Dutch government to block ASML Holdings, which has a monopoly position in the production of advanced chip-making machines, from selling to mainland Chinese foundries, including SMIC.

TechInsights noted that SMIC took only two years to reach 7-nm capability even “without access to the most advanced Western equipment and technologies”. By comparison, TSMC and Samsung took three and five years, respectively, to reach the same level. TechInsights in July reverse-engineered a Minerva bitcoin mining processor made by SMIC and concluded that the Chinese chip maker had achieved a technological breakthrough despite having no access to the industry's most advanced extreme ultraviolet lithography systems from ASML. It used the older and less efficient deep ultraviolet technology, the South China Morning Post reports.

Meanwhile, the U.S. ban on Nvidia and AMD selling some advanced chips to China will hinder Chinese tech companies in areas such as facial recognition and data centers. The impact of the new ban could be widespread for downstream users of chips in applications such as the metaverse, artificial intelligence, cloud computing and facial recognition, industry experts warned. Nvidia said that U.S. officials instructed it to stop selling its powerful A100 and H100 graphics processing units (GPU) to customers in China, while AMD said it has received new license requirements that will prevent its MI250 artificial intelligence chips from being exported to China. The Chinese Ministries of Foreign Affairs and Commerce said they firmly opposed such restrictions as they would “hurt not only legitimate rights of Chinese companies but also interests of American businesses”.

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CHINA NEWS ROUND-UP

JD Logistics ready to launch its own cargo airline

JD Logistics, the logistics arm of Chinese e-commerce firm JD, has obtained approval from aviation authorities to put its self-owned air cargo airline Jiangsu Jingdong Cargo Airlines Co into operation, a key move expected to help JD boost its long-haul freight capacity, improve delivery efficiency and ensure the stability of supply chains. Experts said JD is facing intense competition from local courier companies such as SF Express, YTO Express and Cainiao Network, which have ramped up efforts to build global delivery networks, expand air cargo fleets and strengthen air cargo capacities. The cargo airline is based at Nantong Xingdong International Airport in Jiangsu province. JD Logistics said the carrying capacity of each airplane will be 23 metric tons, without disclosing the number and type of aircraft that will come into operation. The company will develop its domestic air freight business in the Yangtze River Delta region, the Bohai Economic Rim area and the Pearl River Delta region in the preliminary stage, with a focus on the cities of Nantong and Wuxi in Jiangsu province, Beijing, and Shenzhen in Guangdong province, and plans to cover more major cities across the nation by the end of 2025, according to JD Logistics.

Yang Daqing, Deputy Director of Research at the China Federation of Logistics & Purchasing, said currently, **air cargo occupies a relatively small portion of China's comprehensive transportation system**, which cannot meet consumers' fast-growing demand for high-tech products as well as cold chain logistics services covering the transportation of fresh commodities and medicine. "The shortage of air cargo capacity, specialized air cargo enterprises and hikes in transportation costs have become acute amid the Covid-19 pandemic," Yang said, adding the permit to operate an air cargo fleet will help JD enhance delivery efficiency, especially in the cross-provincial and cross-border logistics segment, boost its long-haul freight capacity and ensure smooth operation of supply chains.

Other logistics firms have also invested heavily in providing air cargo services. SF Airlines, the aviation branch of SF Express, has been expanding its freighter fleet to 73 aircraft after a Boeing 757-200 freighter was newly introduced in July. YTO Express said it will have about 20 aircraft by the end of next year. China's air cargo traffic returned to normal recently after posting a V-shaped recovery in the first half of this year. In July, the civil aviation industry transported a total of 539,000 tons of cargo and mail, an increase of 28.3% compared with April, according to the CAAC, the China Daily reports.

BSE Index and margin financing under preparation at one-year-old Beijing Stock Exchange

As the Beijing Stock Exchange (BSE) turned one year old on September 3, two new initiatives were announced: a plan for a BSE Index and draft rules on

margin financing. With BSE listings totaling 110 and a combined market capitalization of around CNY200 billion, the Beijing bourse, designed as a major platform for innovative small and medium-sized enterprises (SMEs), has achieved the desired results over the past year, market watchers and listed companies said. Now, they're hoping for lower thresholds for qualified investors and inflows of more longer-term capital as the BSE continues to race ahead. The anniversary coincided with the Chinese securities regulator's announcement of new initiatives to support Hong Kong's capital markets. Speaking at the China International Finance Annual Forum 2022 on the sidelines of the annual China International Fair for Trade in Services (CIFTIS), Jin Wei, Vice Mayor of Beijing, vowed to push for the BSE's continued improvement in trading mechanisms, expansion in trading scale, enrichment in trading portfolios and exploration of tie-ups with overseas capital markets. The goal is to turn the young exchange into a major platform for innovative SMEs.

The first index to track the market is named the Beijing Stock Exchange 50 Index, abbreviated as the BSE 50. The index has included 50 stocks considered to be representative of the Beijing market, as measured by capitalization and liquidity. The base value of the BSE 50 has been set as 1,000 on April 29, which was roughly half a year after the bourse opened for trade on November 15. The bourse has plans to compile different indices, as measured by scale, industry, theme and style to create a barometer of innovative SME development. The BSE also said it was soliciting public comments on draft margin financing trading rules through September 17.

The Beijing bourse was registered as a company with capital of CNY1 billion on September 3, 2021, just one day after the Chinese leadership announced the creation of the exchange at the 2021 edition of the services trade fair. The BSE became the "third child" of China's A-share market, in addition to the Shenzhen and Shanghai bourses. The BSE listings' average capitalization was smaller than roughly 95 % of their siblings in Shanghai and Shenzhen. The number of BSE listings is likely to exceed 150 within the year. There's no information so far as to how overseas companies could get listed on the BSE, the China Daily reports.

Pinduoduo e-commerce platform launches beta version for U.S.

Chinese online discounter Pinduoduo has launched the beta version of Temu, a cross-border e-commerce platform targeting the U.S. market, the company's first overseas destination. The test version of Temu will run till September 15. Eventually, it will help Pinduoduo to expand revenue sources and hedge against the negative impacts of the Covid-19 pandemic, industry experts said. The products sold on Temu include apparel, consumer electronics, jewelry, shoes, bags, cosmetics, baby products and pet supplies. The company did not disclose whether Temu will expand to other overseas markets in the future. Temu will focus on U.S. consumers who are inclined to buy

cost-effective commodities. Most accessories and daily necessities are priced at less than USD10. To attract merchants, Temu is offering a series of preferential policies like exemption of registration and commission fees at the initial stage.

Merchants who have registered with Temu are required to send the listed goods to the warehouses of Pinduoduo in Guangzhou, capital of Guangdong province in advance, while the platform will be responsible for e-commerce operations, logistics and sales. An increasing number of Chinese vendors are selling their products globally through cross-border e-commerce platforms.

Founded in 2015, Pinduoduo has broken the dominance of e-commerce players such as Alibaba and JD in the China market and captured the attention of both users and the capital market by adopting a group buying model that encourages users to share their purchases on messaging platforms to get cheaper prices. Chen Lei, Chairman and CEO of Pinduoduo, said the company is exploring new business opportunities, including entering overseas markets. Pinduoduo reported better-than-expected revenue of CNY31.44 billion during the second quarter, an increase of 36% year-on-year, while its net income attributable to ordinary shareholders surged 268% year-on-year to CNY8.9 billion. Chinese cross-border online shopping apps Shein and AliExpress will offer stiff competition, the China Daily reports.

Alibaba Cloud sets up the world largest intelligent computing center

Alibaba Cloud, the cloud computing arm of Alibaba Group Holding, **has launched the world's largest intelligent computing center in Zhangjiakou's Zhangbei county, Hebei province**, which can offer up to 12 EFLOPS (12 quintillion floating-point operations per second) of AI computing power, surpassing Google's 9 EFLOPS and Tesla's 1.8 EFLOPS. An EFLOPS rating is a direct mathematical measurement of a computer's performance, in terms of a processor's ability to calculate 1 quintillion floating-point operations per second. A 3 EFLOPS computer, for example, means that its processor can handle 3 quintillion floating-point calculations every second on average. Alibaba said the Zhangbei intelligent computing center will provide services for artificial intelligence-powered large-scale model training, autonomous driving, spatial geography and other AI-related frontier applications. It has also unveiled another intelligent computing center in Ulaanqab, Inner Mongolia, with computing power reaching 3 EFLOPS.

Computing power, or the ability to process data, is widely regarded as a vital foundation for bolstering the development of the digital economy and a new engine to unleash the potential of data as a factor of production. Cai Yinghua, President of Alibaba Cloud Global Sales, said 58% of Chinese enterprises have leveraged AI technologies, which far surpasses the global average of 35%. Meanwhile, accelerated digital transformation and popularization of intelligent applications have sped up data generation, thus creating strong demand for enhanced computing power. The two super-intelligent computing centers are powered by Alibaba's Feitian intelligent

computing platform, which can increase the utilization rate of computing power resources by more than three times and AI training efficiency by 11 times thanks to its advanced technical architecture.

China's total computing power now ranks second in the world, said the Ministry of Industry and Information Technology (MIIT). By the end of 2021, super-large and large data centers in use exceeded 450 nationwide, while intelligent computing centers surpassed 20, the Ministry said. The market scale of China's computing power industry exceeded CNY1.5 trillion last year, with cloud computing surpassing CNY300 billion and internet data center services over CNY150 billion, said the China Academy of Information and Communications Technology, as reported by the China Daily.

CCPIT says China remains key market for European companies

China remains a key market for European companies as its economic resilience and large domestic market are vital for them to stay globally competitive, according to a survey by the China Council for the Promotion of International Trade (CCPIT). About 19% of European companies said that they have expanded their production and business scale in China, while 65% said that they have maintained their current operational scale, the study said. Nearly 160 European companies were interviewed for the survey on their business outlook, investment climate and market conditions in the first half of 2022.

The vast majority of European multinationals are confident in the prospects of the Chinese market, said Sun Xiao, Spokesman for the Beijing-based CCPIT. For instance, European aircraft manufacturer Airbus launched a new research center in Suzhou, Jiangsu province, in June, to focus on research for its futuristic hydrogen-powered aircraft. German chemical group BASF gave the green light for the construction of a planned chemical production project in Zhanjiang, Guangdong province, in July. In addition to implementing a new negative list for foreign investment to further broaden market access, the government abolished, revised or enacted 520 regulations to improve the legal environment for foreign investment. The government also ramped up efforts to ensure the legitimate rights and interests of foreign businesses, the Ministry of Commerce said. China's advantages, including a complete industrial system, a lucrative market, social stability, and positive long-term economic fundamentals, as well as the smooth operation of China-Europe freight train services, have created a solid foundation for the growth of European companies, said Sang Baichuan, Dean of the Institute of International Economy at the University of International Business and Economics in Beijing.

"In the context of market demand, supply chain stability, global companies' existing footprint, current growth in China or their future development strategy, China-EU or China-U.S. decoupling is not realistic. Any such course would likely harm either side," he said. Trade between China and the European Union grew by 8.9% on a yearly basis to CNY3.23 trillion in the first seven months of 2022, the China Daily reports.

U.S. companies' business confidence at record low

U.S. companies' optimism about business conditions in China is at a record low level, even though 89% say their operations in the country are profitable, according to the annual survey of the U.S.-China Business Council. The survey also found Covid-19 control measures to be the biggest challenge American businesses faced when operating in the country last year. Of the 117 respondents, 96% said they saw negative effects on their businesses, including halted investment, lost profit and disrupted supply chains. "The looming possibility that companies will again be forced to partially or fully halt operations due to lockdowns and the impact of local controls on consumer demand undermine business confidence in the overall business environment in China," said USCBC President Craig Allen at the launch of the survey results. Allen also voiced skepticism that China's CNY1 trillion stimulus package focused on infrastructure could prop up the country's economy. "There is concern about consumer sentiment in China, particularly associated with the zero-Covid policies," he said. "The Chinese consumer is saving more and spending less. Until Chinese consumer

sentiment picks up, I think that we're going to remain somewhat skeptical."

The country has experienced much slower growth than in past years, as its economy expanded by just 0.4% in the second quarter of 2022 compared with a year earlier. A months-long lockdown of Shanghai, home to many major multinational companies, brought the city to an unprecedented standstill in the spring. Compared to 10 years ago, confidence among American firms regarding their five-year outlook had dropped from nearly 90% to just over 50% this year, the survey found.

Business optimism dived 18 percentage points compared to last year, and the number of companies that were "pessimistic" had increased from 5% to more than 20% over the past decade. The USCBC has more than 270 members, including some of America's most influential companies. The survey was carried out in June after the citywide lockdown in Shanghai. While 89% of surveyed firms were able to stay profitable, this figure marked the lowest percentage of profitable respondents tallied in seven years, the report stated. Respondents this year ranked "Covid-19 shutdowns" first and "Covid-19 travel" third among a list of challenges they faced in China, the South China Morning Post reports.

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