China Business Weekly

11 October 2022

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

FCCC/EUCBA ACTIVITIES

Seminar: “China's Challenges Mount: structural headwinds and the macroeconomic outlook” – October 25 – 17h30 - Ghent

The Flanders-China Chamber of Commerce and KBC Group – with the support of Flanders Investment & Trade – are organizing a seminar which will take place on **October 25, 2022** at **17h30** at the KBC Arteveldetoren, Maaltekouter, 9051 Gent.

Our distinguished speaker, **Hans Dewachter**, Chief Economist, KBC Group, will deliver a speech focussing on **"China's Challenges Mount: structural headwinds and the macroeconomic outlook"**.

China faces a number of serious headwinds to growth, ranging from the government's Covid policy to real estate woes and from shifting growth drivers to so-called decoupling. As risks increase, the macroeconomic outlook is not all doom and gloom, but policy decisions will play an important role in shepherding China back towards reaching potential growth rates in 2023 and beyond.

The programme is as follows:

17h30-18h00: Registration

18h00-18h10: Welcome address, Ms. **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

18h10-19h00: Keynote speech, Mr. **Hans Dewachter**, Chief Economist, KBC Group

19h00-19h15: Q&A Session

19h15: Networking reception

Practical information:

Date and time: October 25, 2022, 17h30

Location: KBC Arteveldetoren, Maaltekouter, 9051 Ghent

Price for FCCC members and KBC clients: Free **Price for non-members:** €65 excl. 21% VAT (€13.65)

Parking availability: You can see more information on how to reach the venue and where to park here .

SUBSCRIBE HERE

ACTIVITIES SUPPORTED BY FCCC

China Healthcare Summit during the East West Biopharma Summit 13-17 November 2022 – San Francisco

The China Healthcare Summit is one of the best events for European biotech companies to open doors to the Chinese healthcare market and to meet biopharmaceutical companies. Due to Covid travel restrictions, the organizers have decided to hold this year's edition at the East West Biopharma Summit in San Francisco.

What	Seminar / info session
Target sector	Health and pharma
Target market	U.S. and China
When	Sunday 13 November to Thursday 17 November 2022
Where	San Francisco, U.S.
Who can participate	Companies and organizations in the Flanders region
Organization	Flanders Investment & Trade

More information and registration till October 27 is available on the website of Flanders Investment & Trade (in Dutch)

China Hi-Tech Fair 2022 – 16-20 November 2022 – Shenzhen

ENRICH invites you – with the support of the EU-China Business Association (EUCBA) – to join the 24th China Hi-Tech Fair! Exhibitors can participate in the online fair, completely free and digital, reaching up to 2 million online visitors. This will be a great opportunity for any organization from business, research, and innovation to promote their products and services in the Chinese market, raising brand exposure and increasing business connections.

In order to register for the China Hi-Tech Fair Digital, all you have to do is send us (**china@enrichcentres.eu**) the application form filled in with your details. The application form can be found in the following **link** . The deadline for applications is 23 October 2022.

Find the promotional leaflet **here**. A presentation about the fair can be found **here**.

The 24th China Hi-Tech Fair will be held both physically and digitally. Join us on the onsite exhibition or take advantage of the online show. CHTF 2022 Digital, a virtual version of the live exhibition, allows you to promote your products and services at the touch of a button, reaching an audience of two million online visitors for free.

Events by the China Platform: 2nd edition of China Platform Academic Forum – CPAF 2022

Last year, the China Platform in cooperation with Mr. Zhang Chi from the Ghent University representative office in Beijing took the initiative to organize the first edition of the CPAF on the occasion of the Ghent University China Platform's 15th anniversary. The aim of this initiative was to promote cooperation in scientific research between Ghent University and its partner institutions in China, to create opportunities for researchers to exchange academic thoughts, and to provide a platform for alumni to interact with each other as well as with their former professors and colleagues at Ghent University.

Because of its huge success, the China Platform decided to make it into an annual event. And for this 2nd edition of CPAF 2022, the number of participating webinar hosts has doubled.

Please register yourself for one or more webinars.

If you wish to obtain the programs of the 17 seminars, please contact chinaplatform@ugent.be

More information and the link to register for one or more webinars can be found here

China Platform Lecture Café 2022

In September 2012, the Ghent University China Platform launched the "*China Platform Lecture Café*" and is delighted to invite you to participate in its 2022 edition where they will address the following interesting topics.

Venue: De Krook - Zaal De Blauwe Vogel, Miriam Makebaplein 1, 9000 Gent

These 4 lecture sessions will also be livestreamed.

Tuesday 18 October: 11:00 – 13:00 CET

"Cross-Strait Relations – A Historical Overview under a Taiwanese Perspective" by Dr. Jasper Roctus, doctor in Oriental Languages and Cultures, Faculty of Arts and Philosophy

Tuesday 25 October: 13:00 – 15:00 CET

"China's Geo-economic Gambit: Technology, Interdependence, and the Future of the Global Economy" by Dr. Tobias Gehrke, Research Fellow – Europe in the World, Egmont – Royal Institute for International Relations

Tuesday 22 November – 14:30 – 16:30 CET

"China, the Great Powers, and the War in Ukraine: Still the Middle Kingdom?" by Prof. Sven Biscop, Faculty of Political and Social Sciences, Ghent University and Director of the Europe in the World Programme at the Egmont – Royal Institute for International Relations in Brussels

Tuesday 13 December: 12:00 – 14:00 CET

"How Confucianism became a world religion" by Prof. Bart Dessein, Department of Oriental Languages and Cultures, Faculty of Arts and Philosophy

Please register here

MEMBERS' NEWS

MOORE MS Advisory: Electronic Chop in China

Company chops are an essential part of handling documents and managing internal and external affairs when doing business in China. In recent year, a digital equivalent of the standard stamp has been widely adopted in China. This article will discuss company chops in detail with regards to their applications, and types, focusing more specifically on the increased use of the electronic chop.

What is a Company Chop in China and How are They Used?

For any company in China, the official company chop serves as a seal to validate any documents and is a necessary requirement to operate any business in the country.

A document stamped with a relevant chop makes it legally binding, representing a company's official decision for internal and external affairs. Company chops are commonly used in any official company-provided letters, contracts and official reports issued to the public as well as in supportive documents to relevant authorities.

The legal representatives of a company must effectively safeguard the chops, given that any documents which are chopped imply a sign of confirmation or agreement towards any activity from the company. For any documents that are chopped, the company must be aware of the responsibilities and consequences of using the relevant chop. Despite the validity of signatures, in terms of serving the same purpose as chops, a stamp from a company chop ensures that a document is truly legally binding.

There are many different types of chops in China, each serving a specific purpose and application.

The Different Types of Company Chops in China

Finance Chop

Finance chops are mandatory to have as part of any company operation in China, with the purpose of handling any activities associated with financing. It is often used in the authentication of financial documents, issuing checks, conducting bank transactions or the opening of bank accounts. While the official company chop can often be used in place of a finance chop, it is strongly suggested that the company and finance chops be kept separately to avoid wrongful or improper usage. The finance chop must be registered with the

Legal Representative Chop

The legal representative is recognized as the principal of the company, who bears the official name on the company's business license upon registration. Officially owned by the company's legal representative, this chop is used for financial activities as well as represents the legal representative's signature in their absence. Common applications for the legal representative chop include approving payment transactions, withdrawing cash from the bank or for issuing company cheques.

A Custom Chop

For any business activities related to the import or export of goods, the custom chop is used. Once registered with the customs authority, this chop can be used to declare any imported or exported goods through the control area indicated by the company. The customs chop should be kept only with specialized employees who handle affairs related to imports and exports of the company.

Contract Chop

A separate chop is often used by many companies in China to sign official contracts, for instance between employees or clients. It represents the company in the same manner as an official company chop within the scope of agreement for the contract.

Invoice Chop

Invoice chops are used to issue tax receipts, also known as fapiaos for the purpose of declaring an official business expense.

What is an Electronic Chop？

Carrying the same legal status and validity as a physical chop, electronic chops are a purely digital form of signature that possess valuable data of the signatory using it. Beyond just a digital replication of a company's physical seal, electronic chops contain digital information that identifies the individual who is chopping the document while recognizing that they are in approval of the usage.

To ensure validity and reliability of the electronic chop, the signature must be owned and controlled solely by the signatory and any changes made towards the chop need to be detectable by authorities. Data contents must be effectively kept and controlled by the signatory at all times.

Why has there been a move to digital chops？

Following an update to the Electronic Signature Law released in 2015 and further revisions in 2019 which cemented the validity of electronic chops, there has been a gradual shift towards the usage of digital chops.

Moreover, due to remote working conditions as a result of COVID-19 restrictions throughout the country, in addition to the desire for most sustainable business practices, electronic chops have become a more favored in China in comparison to traditional seals.

To quantify the adoption of electronic chops in China, it is reported that over two-thirds of tax bureaus throughout the province of Guangdong have begun implementing usage of the digital chop system.

The Law Regulating Digital Chops

While electronic chops are highly securitized through data encryption, fraud is still a possibility if counterparties do not conduct their due diligence by confirming the legitimacy of the data behind the chops.

Advanced electronic signatures, as defined by the European Commission, are designed to ensure that the signatory can be identified at the time of signing, that they retain control of the chop and that any change of data is distinguishable. Processes and laws have been implemented to ensure that data is protected, and that usage of digital chops is regulated.

As stated by Chinese law, the responsible individual from an organization bears full responsibility for their actions when signing through electronic chops. As such, others should not be able to legally apply the chop for themselves.

Defined by Article 27 of the Electronic Signature Law, a signatory who fails to notify parties of loss of data in the signature, to terminate use and to provide accurate information of errors, will hold responsibility for any losses caused to parties who rely on the electronic signature.

What Happens if an E-chop is Used Illegally?

Article 32 of the Electronic Signature Law states that in the case in which an electronic signature is counterfeited, copied or usurped, the person committing the act will be held accountable with criminal responsibility and investigated in accordance with the law. Further losses will hold them liable to compensations as civil responsibility.

Therefore, any companies who are planning on using digital chops should be mindful of the laws in place regulating usage, and have a secure system of authorized signatories responsible for the usage of electronic chops.

When can a company chop be used？

Electronic chops can be used for most civil activity instances under contractual agreement between parties. Examples in which electronic chops can be seen to be used include approving reimbursements, fulfilling transaction agreements or signing off on contracts.

The usage of electronic chops is not applicable to all document types however, and should not be used in cases concerning documents associated with personal relations or related to public utility services. Electronic chops should also not be applied to documents already prescribed by law or administrative regulation.

Final Considerations on E-chops

Electronic chops are a highly valuable and effective form of company signature to be used in place of physical chops in China. While recognizing the relative benefits of utilizing an electronic system for document validation, it is also important for companies to be aware of the regulations surrounding electronic chops. MS Advisory has served foreign SMEs in China with accounting, business advisory and corporate set-up services for over a decade. Our experts are well-versed and highly knowledgeable about the Chinese market landscape and will help you ensure that your business remains compliant and on track for success. Get in touch with us right away so that we can help you with all your business needs.

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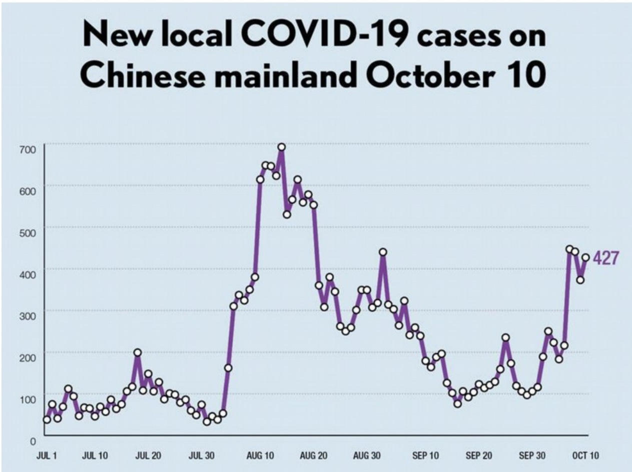
HEALTH

Trains leaving Xinjiang suspended; Inner Mongolia second hotspot; 13 new cases in Beijing reported two days in a row



Following a new flare-up of Covid-19 in Xinjiang, trains and buses leaving the region were suspended and many parts of Xinjiang, including the capital city Urumqi, have been placed under lockdown. Flights leaving Xinjiang are required to keep the passenger occupancy lower than 75%. Liu Sushe, Vice Chairman of the Xinjiang Uygur autonomous region, admitted that the government has failed to contain the outbreak that started two months ago. Especially smaller cities struggle to contain the number of cases. Xinjiang is home to 22 million people and has been in partial lockdown since August. Authorities reported that nucleic acid testing has become the biggest weakness in Xinjiang's prevention and control efforts. As it is getting colder in Xinjiang and the temperature in Urumqi mostly has been below 10ºC recently, the Covid-19 virus is becoming more active in the region, making it easier to transmit, Yang Zhanqiu, Professor of the Pathogen Biology Department at Wuhan University, told the Global Times.

Surging Covid-19 infections have also been reported in some areas of Inner Mongolia during the just-concluded weeklong National Day holiday. At least 10 prefecture-level areas have reported new Covid-19 cases which first emerged on September 28 in Hohhot. Some urban areas and counties in Ulanhot and Hulunbuir started temporary static management and carried out mass nucleic acid testing. All interprovincial and intercity bus services have been suspended and the number of inbound and outbound flights and trains have been significantly reduced.

The city of Sanya in Hainan ordered tourists to take PCR tests during the past holiday week or have their movements restricted through the health code system. In August, Sanya imposed a lockdown that trapped more than 80,000 tourists at the height of the summer holiday. Covid-19 controls have also led to travel chaos in Xishuangbanna Dai autonomous prefecture in Yunnan province and other popular tourist destinations during the National Day holiday.

In Beijing, 13 new symptomatic and 3 asymptomatic cases were reported on October 10, and 13 and 1 on October 11, less than a week before the opening of the 20th Congress of the Communist Party. Beijing has reported 39 Covid-19 infections since September 29 as of Sunday afternoon, according to the Beijing Center for Disease Prevention and Control. Liu Xiaofeng, Deputy Director of the Center, said that the cases involved 10 transmission chains in eight districts in the city. Some people who returned to the capital after holiday trips failed to follow required measures, which added to the difficulty of the current epidemic control and prevention work, the Center said. Upon arrival, nucleic acid tests should be taken twice within three days and recent returnees should not visit crowded places or dine with others for a week.

People traveling or returning to Shanghai from other provinces will receive a pop-up notification covering their health code, if they fail to undergo a nucleic acid test within 48 hours of their arrival. The pop-up window will prevent travelers from displaying their health code, preventing them from accessing most of Shanghai's public services, transport and public places. It will disappear after taking a PCR test. Shanghai has reported some 90 positive Covid-19 cases since October 1, mainly travelers arriving from other provinces and their close contacts.

At least 33 cities, including eight major provincial and municipal centers, were placed under partial lockdown in September, disrupting the lives of about 65 million people. Between 100 and 250 symptomatic cases were reported daily during the weeklong holiday from October 1 to 7. In Guangdong province, cases were reported in Guangzhou and Shenzhen.

A new Omicron variant that has caused multiple infections in Shaoguan, Guangdong province, has been identified as **the subvariant BA.5.1.7, the first time the variant has been detected in the Chinese mainland**. According to the Shaoguan government, there have been a number of imported Covid-19 cases with multiple sources and multiple chains in the city, leading to successive positive cases. The highly contagious BA.5.1.7 has already been discovered in more than 100 countries and regions.

The Cyberspace Administration of China (CAC) has vowed to crack down on online rumors related to the Covid-19 pandemic. The agency said that to date, it has shut down 2,800 accounts on several major platforms for fabricating and spreading false information. The CAC started a campaign in August to label what authorities consider fake news. The regulator also listed rumors that "misled internet users and seriously disrupted public order", including an account on Tencent's WeChat that said there were large-scale flight cancellations across the country.

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

20th CPC CONGRESS

Chinese Communist Party's 20th National Congress to open on October 16

The 20th National Congress of the Communist Party of China (CPC) is set to open on October 16. A total of 2,296 delegates are expected to attend. The Congress will map the road ahead for the next five years and choose a new Central Committee. Chinese president and Party General Secretary Xi Jinping is expected to assume a third term at the head of the Party and be re-elected President of the People's Republic of China at next year's National People's Congress (NPC) meeting in March. Premier Li Keqiang is expected to step down and analysts are speculating who will replace him.

The 19th Central Committee started its 7th plenary session on October 9 to make final preparations for the Congress. The meeting also approved the work report that Xi Jinping will deliver at the opening session of the Congress and a proposal to amend the Party's constitution. The Party convenes a congress every five years and this year's 20th will see changes at the top, with many incumbents set for retirement. The Congress comes as China is facing a complex external environment including intensifying rivalry with the United States, Russia's invasion of Ukraine, as well as rising tensions in the Taiwan Strait. Domestically, the government is grappling with a sharp downturn in economic growth partially affected by the Covid-19 pandemic and facing concerns over continued adherence to its strict zero-Covid policy. In an article in the party journal Qiushi, Xi called on the party to focus on its "historical mission" and prepare for "great struggles" ahead, the South China Morning Post reports.

The China Daily commented that "amid the increasingly complex risks and challenges China is facing, the upcoming 20th National Congress of the Communist Party of China will have the central task of **presenting the Party's roadmap for the next five years and beyond**, a key period in realizing national rejuvenation." Speaking at a workshop attended by senior Party and government officials in July, Xi Jinping said the 20th CPC National Congress would emphasize the strategic tasks the Party will have and the major steps it will take over the next five years, which hold the key to the country's modernization drive. An effort must be made to work out new plans and measures to tackle the problem of unbalanced and inadequate development nationwide, Xi said.

Xi underlined the need for the whole Party to strengthen risk awareness, prepare for the worst-case scenario, and strive to cope with the changing domestic and international situation with proper strategies. **Maintaining national security while continuing to promote development will be a central theme in the next five years.** The CPC is expected to renew its call at the Congress for countries to implement the China-proposed Global Development Initiative and Global Security Initiative to promote global peace and development as part of an effort to advance the building of "a community with a shared future for mankind". The two initiatives have been widely regarded as China's solutions to addressing the problems the world faces in the cause of peace and development. Since its inception, the Global Development Initiative has been positioned as an all-inclusive accelerant to the United Nations' agenda on sustainable development.

PHARMACEUTICALS

Chinese pharmaceutical firms' expansion plans in U.S. face greater scrutiny

Chinese pharmaceutical companies will see their U.S. expansion plans curtailed by tougher regulatory scrutiny, analysts said. The tightened regulation of deals involving biotechnology and bio-manufacturing in the United States could result in fewer transactions getting approvals, and could lead to China-based biotechnology companies seeking to invest in Europe and Belt and Road Initiative (BRI) countries. “We believe transactions involving biotechnology and bio-manufacturing will be subject to stringent screening by the Committee on Foreign Investment in the United States (CFIUS), as the U.S. is keen to protect its technological leadership and therefore national security,” said Flora Zhu, Corporate Research Director at Fitch Ratings.

An executive order by U.S. President Joe Biden on September 15 clarifies and lays out the key U.S. industries and business sectors that should expect heightened regulatory scrutiny from CFIUS. It says that it should take into consideration the potential impact on U.S. technology leadership and critical U.S. supply chains that may affect national security, when reviewing deals.

“The executive order is the first one to provide formal presidential guidance on the risks that should be considered by CFIUS when reviewing transactions, and it clearly states that biotechnology is included,” Zhu said. “We believe Chinese pharmaceutical companies – biotech firms in particular – will face rising regulatory hurdles in conducting acquisitions in the U.S.” China-based Asymchem’s acquisition of an 81.82% stake in Massachusetts-headquartered Snapdragon Chemistry was recently blocked by CFIUS, which has previously targeted deals initiated by Chinese companies in hi-tech sectors such as semiconductors and electronics.

On September 12, Snapdragon, which was formed in 2014 as a spin-off from the Massachusetts Institute of Technology (MIT), said its acquisition by Asymchem, a pharmaceutical research and manufacturing company based in Tianjin, will not proceed. The deal, which was first announced in February this year, fell through as it failed to get CFIUS’s approval. Both parties were unable to settle on mitigation terms requested by CFIUS, but the details are unknown, Zhu said. “It is likely that the transaction involved **advanced pharmaceutical-related technology**, which **is under greater scrutiny by CFIUS**. The targeted company focuses on early-stage chemical development processes,” she added.

Separately, CFIUS recently delayed the USD161 million acquisition of U.S.-listed biotechnology company F-star Therapeutics by Hong Kong-listed Sino Biopharmaceutical. The Committee said it required an additional 45 days to review the transaction, which Fitch said also signaled the tightened regulatory scrutiny of deals involving pharmaceutical-related technology following Biden’s executive order. “Chinese pharmaceutical companies have been actively engaging in overseas acquisitions to obtain advanced technologies and expand product offerings in recent years,” Zhu said. The tightened regulation of “foreign acquisitions of U.S. biotechnology firms could lead them to seek targets and investment opportunities in other countries”.

Biotechnology is being viewed by CFIUS as a critical technology for review and clearance, said Bruce Liu, a China-based Partner at strategy consultancy Simon-Kucher and Partners. Many cross-border biopharma deals in recent years have mainly been in the form of licensing deals, instead of investments and mergers and acquisitions (M&As), he said. “We have seen companies like Wuxi PharmaTech and PharmaBlock expand in the U.S.. But that could be impacted with the new executive order.” Another hindrance for Chinese bio-manufacturing companies could be the Biden administration’s National Biotechnology and Bio-manufacturing Initiative. Passed through another executive order, the initiative includes up to USD1 billion for the establishment of manufacturing infrastructure over five years.

There has been concern about its negative impact on Chinese biotech companies which have been expanding their manufacturing capacities aggressively over the past few years and rely heavily on U.S. customers for revenue, the South China Morning Post reports.

CHINA NEWS ROUND-UP

China's zero-Covid policy caused Chinese stocks to plunge, favoring India

The relentless plunge in China's stocks has burnished the appeal of their biggest emerging-market rival India.The MSCI India Index rallied almost 10% in the just-ended quarter, compared with a 23% slump for the MSCI China Index. The 33-percentage point outperformance by the Indian index is the largest since March 2000. Beijing's zero-Covid policy, regulatory crackdowns and tensions with the West have led to a USD5 trillion rout in Chinese stocks since early 2021. And **India – long dubbed the "next China" – has become an attractive alternative with economic growth that is forecast to be the fastest in Asia**. Jupiter Asset Management says some of its emerging-market funds have India as their largest holding and M&G Investments (Singapore) has made a "greater allocation" to India in 2022. In the longer term, China's decoupling from the U.S. may also pave the way for Indian firms to boost their presence worldwide. China's "draconian lockdowns continue to impact these supply chains, so the clamor for an alternative has been rapidly gaining favor," said Nick Payne, London-based Investment Manager for global emerging-market equities at Jupiter. "India is the key candidate to fill that role, in an approach that has been dubbed China+1."

The big divergence between the two stock markets started to take place in February 2021 as tightening liquidity conditions in China contributed to the unwinding of a two-year rally in equities. Indian stocks, meanwhile, kept hitting record highs thanks to an unprecedented retail investing boom. The aggregate market value of firms included in the MSCI China Index has dropped by USD5.1 trillion since then and it closed on September 30 at its lowest level since July 2016. The MSCI India Index – which reached an all-time high earlier this year – has added about USD300 billion. Global EM Fund allocations to India are at a record high while those to China are recovering modestly from a sharp drop in the past few quarters, according to Cameron Brandt, Director of Research at EPFR Global, a Cambridge, Massachusetts-based research firm. "The increasing allocation of investor capital both to India-only and to Asia ex-China funds suggests that this shift is still in its early stages," said Vikas Pershad, Fund Manager at M&G Investments. "Some of the barriers to investing in China appear to be structural and longer lasting than expected."

Economists surveyed by Bloomberg expect the Indian economy to grow about 7% in the financial year that ends next March, more than twice the pace of China's in 2022. "We think this is really India's moment. Many people are investing," said Julia Raiskin, head of Asia-Pacific markets at Citi, as reported by the South China Morning Post.

Chinese consumers favor home appliances and camping equipment during holiday week

Chinese consumers unleashed their massive buying power during the weeklong National Day holiday, with high-quality intelligent home appliances and outdoor equipment gaining traction. Data from e-commerce platform JD show that sales of clothes dryers and floor-cleaning appliances surged about 300% from October 1 to 3, compared with the same period last year. Purchases of juice extractors, air fryers, coffee makers and other kitchen appliances increased more than 50% year-on-year during the same period. With a growing interest in outdoor recreation among Chinese people, sales of shoes and apparel for outdoor use, skateboards and cycling equipment rose over 50% year-on-year during the first three days of the National Day holiday. In addition, the turnover of tents and picnic supplies skyrocketed 98% and 118% on a yearly basis, respectively, while the transaction volume of photographic equipment soared 17-fold year-on-year, JD said.

In the first five days of the holiday, the sales of extended reality (XR) devices on Alibaba's Tmall platform surged 330% from a year earlier. Moreover, purchases of imported goods, including healthcare products and outdoor equipment, registered a double-digit growth year-on-year on Tmall Global, an e-commerce site dedicated to overseas items. Despite sporadic Covid-19 flare-ups, China's consumption recovery has gained impetus during the seven-day National Day holiday, indicating the strong resilience and immense potential of consumption, said Wang Yun, Researcher at the Academy of Macroeconomic Research. A series of pro-consumption measures, such as giving away shopping vouchers, have played a vital role in bolstering the recovery of consumption and unleashing consumers' potential purchasing demand, Wang said, estimating the country's consumption growth will gather pace in the fourth quarter of this year.

According to Suning, a major online shopping platform, from October 1 to 6, the number of orders placed at its brick-and-mortar stores nationwide jumped 168% over the same period one month earlier and the sales of intelligent home appliances rose 95% on a monthly basis. Sales of green and energy-saving home appliances increased 98% month-on-month during this period, among which sales of energy-saving water heaters and refrigerators surged 132% and 134%, respectively, Suning said. Data from local authorities in Shanghai showed spending on catering, cars and home appliances via offline channels in the city increased by 18%, 76.3% and 300% year-on-year during the holiday, the China Daily reports.

China's cargo rates fall to reasonable levels

Sea freight rates in China have returned to a reasonable level after reaching record highs last year and early this year amid global inflation, the epidemic

and geopolitical conflicts, data from the China Federation of Logistics and Purchasing (CFLP) showed. Domestic traders said the drop in rates, which have been a major contributor to high goods costs, can be a potential driver for sluggish overseas demand and a way to gain an edge in the world market. The CFLP figures showed that while logistics costs have been relatively high so far this year, the rate of increase began to slow in the third quarter. The average reading for the export container freight index in August was 3,033.60 points, down 6.4% from the average of the previous month. Supply and demand in the road transportation market were basically stable, with the road logistics freight index at 103 points, down 0.16% from the previous month. He Liming, CFLP President, told reporters that the declines were reasonable in light of record high rates caused by insufficient capacity in the previous period. The drops "will improve the competitiveness of our enterprises, especially export enterprises," He said.

Just before the National Day holidays, the cost of a standard container from China to the U.S. West Coast fell below USD2,000, a new low since the start of the epidemic. It was above USD20,000 last year. The Drury World Container Index declined for the 32nd consecutive week, with a 40-foot container costing USD3,688.75, an 8% fall, and 64% below the peak of USD10,377 of September 2021. Zhong Zhechao, Founder of One Shipping, an international logistics service consulting firm, told the Global Times that lower freight rates are definitely good news for exporters, because cargo rates represent a fairly large part of total costs – sometimes even more than the value of the goods. The impact of lower cargo rates has already been partially reflected in rising container throughput in the Yangtze River Delta, China's production and trade hub. From January to August, Ningbo Zhoushan port, the world leader in throughput, handled 23.7 million standard containers, up 10.9% year-on-year.

A manager with a Shenzhen-based export company said that shipping costs could account for 60% of total production costs at the peak, but now it was only about 10%. "Export orders have jumped by 30% since the rate fall," the manager said. Industry insiders said that it will still take some time to see how lower cargo rates will affect China's exports, the Global Times reports.

Geely acquires 7.6% stake in Ashton Martin

Zhejiang Geely Holding Group, China's largest private carmaker, has acquired a 7.6% stake in loss-making British luxury carmaker Aston Martin. Geely, which owns Swedish brand Volvo and has stakes in Germany's Daimler and British sports car brand Lotus, said its "well-established track record and technology offerings" can contribute to Aston Martin's future success. "We look forward to exploring potential opportunities to engage and collaborate with Aston Martin as it continues to execute its strategy to achieve long-term, sustainable growth and increased profitability," said Li Donghui, CEO of the Chinese automaker. Lawrence Stroll, Executive Chairman of Aston Martin, said he would like to welcome Geely Holding as a new shareholder. Stroll's investment fund remains the British carmaker's largest shareholder.

There are several high-performance electronic technologies that Geely can share with **Aston Martin**, including those from the Chinese carmaker's Polestar and Lotus brands, said experts. Polestar is an electric car startup, and Lotus is developing electric sports cars and SUVs. The SUVs are made in a plant in Hubei province, and will primarily be sold in China. Aston Martin is choosing its partner for its first electric model, which is scheduled to be launched in 2025, and from 2026, all the automaker's new vehicles will have an electric option. The century-old British brand reported an operating loss of USD104 million for 2021. Its **sales stood at around 6,200 vehicles last year**, with China being one of its biggest markets.

Going global is now high on Chinese carmakers' business strategies as they try to seize opportunities arising from their early-mover advantages in the new energy vehicle (NEV) sector. In late September, Warren Buffett-backed BYD launched three EV models – the Atto 3, the Tang and the Han – for European customers. The presale price for the Atto 3 is €38,000 in Germany. The Han and the Tang have a pre-sale price of €72,000, rivaling models from local premium brands. The China Passenger Car Association (CPCA), said the average price of exported electric vehicles was USD11,000 in 2020, rising to USD25,800 by August. **SAIC Motor**, China's largest carmaker, shipped 10,000 of its MG4 hatchbacks to Europe in September, marking the country's largest shipment of electric cars overseas. In the fourth quarter, the **MG4 is expected to be sold in around 20 European nations**. By 2023, it will be available in some 80 countries worldwide. The MG4 EV is the first model that SAIC built using its dedicated electric platform. It was the result of work by SAIC's Chinese and British teams, and was developed based on new car quality standards in a number of different countries. **In the first eight months of this year, China's vehicle exports reached 1.82 million, up 52.8% year-on-year.** Among them, 341,000 were electric vehicles and plug-in hybrids, the China Daily reports.

New measures announced to lower home prices

China has announced several new measures to lower home prices and boost rational demand to further stabilize the domestic property market. Taxpayers who purchased residential properties within a year of selling previously owned residential assets will receive tax refunds for the latter, the Ministry of Finance and the State Taxation Administration announced. The new policy will be valid from October 1 until the end of 2023, according to the official notice.

The People's Bank of China (PBOC) said that the interest rate for housing provident loans will be lowered by 0.15 percentage point for first-time home buyers starting from October 1 whilst that of second homes stays unchanged. The country's financial authorities also said that China will loosen the lower limit for mortgage rates for first-time homebuyers in some cities. By the end of 2022, urban governments will decide if they will retain, reduce or remove lower limits for mortgage rates for first-time home loans in phases. Once new mortgage rate policies are adopted, home loan interest rates can be reduced below the previous lower limit of 4.1%.

All these measures are intended to boost market demand to stabilize the real estate market and the overall economy by creating a virtuous cycle, said Li Yujia, Chief Researcher at the Guangdong Planning Institute's Residential Policy Research Center. A total of 23 cities are eligible for loan interest rate relaxation, according to the National Bureau of Statistics (NBS). "The introduction of the new policy will help hesitant buyers make their decisions in a more timely manner so as to stimulate the market in the fourth quarter," said Chen Wenjing, Director of Research at the China Index Academy, as reported by the China Daily.

BYD's EV sales surpass Tesla's by nearly 200,000 in Q3

China's BYD has sold 537,164 new energy vehicles in the third quarter of this year, surpassing Tesla by nearly 200,000 vehicles and maintaining its position as the world's biggest electric vehicle producer by sales. According to data newly released by Tesla and BYD, Tesla's global sales were 343,830 vehicles in the third quarter, a year-on-year increase of 3%, which was lower than market expectations. Meanwhile, the sales volume of BYD's new energy passenger vehicles was 537,164 units, a year-on-year jump of 187%. In September alone, BYD's NEV sales reached 201,259 units, compared with 71,099 units in the same period last year, a year-on-year surge of 249.56%, according to a filing it published at the Hong Kong Stock Exchange.

BYD has for the first time dethroned Elon Musk's Tesla as the world's biggest electric vehicle producer by sales in the first half of the year, with global sales of 641,000 vehicles versus the 564,000 units sold by Tesla. The third quarter data, which showed a widened gap, demonstrated **BYD has further consolidated its position as the world's biggest electric vehicle producer by sales**, industry observers said. They noted that BYD's momentum also underscores China's strengthening position in renewable energy, boasting advantages across much of the supply chain for electric vehicles, batteries, wind as well as solar energy.

From January to August, **China's global market share of NEVs has increased to 68%**, mainly driven by the strong demand for new energy in China, Cui Dongshu, Secretary General of the China Passenger Car Association (CPCA), said.

Chinese carmakers are also actively building vehicle production plants overseas to expand capacity and reduce transportation costs. BYD said in September that it would build its first overseas passenger car plant in Thailand, wholly invested by the company. On September 16, Chinese electric-vehicle maker NIO announced the shipment of its first battery swap station from NIO Power Europe, the company's first overseas plant in Hungary, to Germany, the Global Times reports.

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Contact
Flanders-China Chamber of Commerce
Office: Ajuinlei 1, B-9000 Gent, Belgium
New telephone and fax numbers:
T ++32/9/269.52.46
F ++32/9/269.52.99
E info@flanders-china.be
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The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com
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