

China Business Weekly

25 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 Arteveldestoren, Maaltekouter, 9051 Ghent.

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 Arteveldestoren, 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](#) .

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Webcast: China's Development Priorities and Implications from the 20th National Party Congress – November 9, 2022 – 4 pm CET



WEBCAST

China's Development Priorities and Implications from the 20th National Party Congress

November 9, 2022 - 4 pm CET



Alfredo Montufar-Helu
Head of the China Center for Economics and Business
The Conference Board

The Flanders-China Chamber of Commerce, the EU-China Business Associations and The Conference Board are organizing a webcast focussing on “China's Development Priorities and Implications from the 20th National Party Congress”, which will take place on **November 9 at 4 pm CET**.

In this webcast, Mr. **Alfredo Montufar-Helu**, Head of the China Center for Economics and Business, The Conference Board, will talk about the latest trends and developments impacting the Chinese market, how this is shaping the country's development priorities, and what this means in terms of challenges and opportunities for European companies. Alfredo will also touch upon the key takeaways from the historical 20th National Party Congress.

The programme is as follows:

16h00 – 16h05: Introduction by Ms. **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce/EU-China Business Association

16h05 – 16h45: Presentation by Mr. **Alfredo Montufar-Helu**, Head of the China Center for Economics and Business, The Conference Board

16h45 – 17h00: Q&A Session

Practical information:

Date and time: November 9, 2022, 16h00

Location: Online

Price for Members & Non-Members: Free

[**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 – New dates: 15-19 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.

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20th CPC CONGRESS

Xi gets third term heading the CPC; Premier Li Keqiang retires, to be replaced by Li Qiang



President Xi Jinping, in his capacity as General Secretary of the Communist Party of China (CPC) closed the 20th Congress on October 23 and was reelected at the first session of the new Central Committee a day later. Premier Li Keqiang was not reelected to the Central Committee and will step down as Premier in March next year. He is likely to be succeeded by the new No 2 on the Standing Committee, Li Qiang, who will step down as Party Secretary of Shanghai and move to the capital.

Xi Jinping's re-election as General Secretary secures him a third term as the country President when the National People's Congress holds its next meeting in March next year, when a new Chinese government will be formed.

The new line-up of the Standing Committee of the Politburo – presented to the domestic and international press in the Great Hall of the People on October 23 – is Xi Jinping, Li Qiang, Zhao Leji, Wang Huning, Cai Qi, Ding Xuexiang and Li Xi. Cai Qi and Li Xi were Party Secretaries of Beijing and Guangdong respectively. Retiring from the Standing Committee are Premier Li Keqiang; National People's Congress (NPC) Chairman Li Zhanshu; Chinese People's Political Consultative Conference Chairman Wang Yang and Executive Vice Premier Han Zheng.

Foreign Minister Wang Yi will succeed Yang Jiechi as the top foreign policy expert on the Politburo, while current Chinese Ambassador to the U.S. Qin Gang is expected to become Foreign Minister in March next year. Vice Premier Liu He, who also acted as top trade negotiator with the U.S. and the EU, will also step down, as his name is not on the Central Committee list. He Lifeng, currently Chairman of the National Development and Reform Commission (NDRC) is expected to take his place. There is no obvious successor who could take up Xi's top posts in five years' time, which some analysts believe creates uncertainty. For the first time in 25 years there is no woman on the Politburo.

The "seven up, eight down" rule, meaning that those who are 67 years old at the time of the Congress can keep their seats or be promoted and those 68 or older should retire is not written in stone. The prime example is General Secretary Xi Jinping himself, who is 69. Two other exceptions are Zhang Youxia (72), First Vice Chairman of

the Central Military Commission (CMC) and Wang Yi (69), State Councilor and Foreign Minister. Not reelected to the Central Committee and to retire next year in March are Minister of Transport Li Xiaopeng (63), son of former Premier Li Peng; Yi Gang (64), Governor of the People's Bank of China (PBOC) and Guo Shuqing (66), Chairman of the China Banking and Insurance Regulatory Commission (CBIRC).

In total, 135 out of 205 Central Committee Members have been replaced. The average age of the full and alternate members of the 20th Central Committee is 57.2 years. Only 33 of them are women and 32 are from ethnic minorities. Over 98% have a university degree and 29 are Members of the Chinese Academies of Science and Engineering. More leaders with a strong science and technology background have been promoted to the upper echelon of the Communist Party as President Xi Jinping seeks to counter pressure from the West. At least six new Politburo members boast qualifications in science and technology fields. Their areas of expertise range from rocket science to nuclear power safety and public health. Xinjiang and Zhejiang Party Secretaries Ma Xingrui and Yang Jiajun were both former Chief Commanders of China's space program before they entered politics. Shandong Party Secretary Li Ganjie and Beijing Mayor Chen Jining are environment experts. Liaoning Party Secretary Zhang Guoqing has been Chief Executive of China North Industries – China's biggest defense group, and Fujian Party Secretary Yin Li is a public health expert.

After announcing his new team, Xi expressed confidence that they would keep China's economy on a steady course. "Our economy's strong fundamentals will not change, and it will remain on the positive trajectory over the long run," Xi said. "We'll be steadfast in deepening reform and opening up across the board, and in pursuing high-quality development, and create more opportunities for the world through our own development. Xi also acknowledged it would not be smooth sailing for the new leadership because there would be "high winds, choppy waters or dangerous storms" ahead. "In the face of new challenges and new tests on the new journey, we must be highly vigilant, always keep the sobriety and prudence of rushing for the exam, and continue to push forward the comprehensive and strict governance of the Party, so that the century-old Party will continue to flourish in its self-reform, and remain the most reliable and strong backbone of the Chinese people," he said.

Some economic observers praised Xi's work report delivered at the opening of the Congress for its **emphasis on boosting the security and resilience of industrial and supply chains**. It will help accelerate the nation's high-quality economic development, which will in turn contribute to global economic recovery, they said. The report stated: "We will raise total factor productivity and make China's industrial and supply chains more resilient and secure". Cai Jin, Deputy Director of the China Federation of Logistics and Purchasing (CFLP), said China

is the world's largest manufacturing country and boasts a vast domestic market. Cai said China faces challenges in supply chains amid the Covid-19 pandemic, but the nation has shown strong innovative capabilities in handling them. "As more efforts are made to secure industrial and supply chains, China's sprawling industries will see better development and have a sounder foundation," Cai added.

It has been revealed that Xi Jinping only delivered a summary of the work report of the Central Committee on the opening day of the Congress. The full report is 72 pages long. The unabridged work report, which was released soon after Xi's speech, went into much greater detail about the challenges ahead for the country and the Party, and singled out shortcomings in the Party's

performance. It mentioned that some shocking cases of corruption were discovered. It also raised questions about the Party's efforts on environmental protection and to ensure people's well-being. The systems for safeguarding national security were inadequate and the Party's capacity to respond to various risks, including in the fields of national defense and the military, was insufficient.

Over the past decade, when Xi was China's top leader, China's GDP more than doubled from CNY54 trillion to CNY114 trillion last year, with its share of the world's economy rising by 7.2 percentage points to 18.5%.

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

HEALTH

Modest spike in cases reported in Beijing; more international flights scheduled



During the past week – when the 20th Party Congress was held in Beijing – total Covid cases in the city (locally transmitted, symptomatic, asymptomatic and imported) reached a peak of 48 in one day in the middle of the week, but have dropped to below 20 in the past two days. Many cases were detected in people already under quarantine, indicating that the testing system was working.

The world's largest iPhone factory, run by Foxconn Technology Group in Zhengzhou, Henan province, has imposed tough Covid-19 control policies, such as closing its canteen, to keep production running normally amid a fresh outbreak that has put part of the city under lockdown. Foxconn's Zhengzhou workers are only permitted to commute along certain routes within the factory campus, with many entrances closed in a de facto lockdown. The company has also urged workers living outside the campus to move into on-site dormitories. "Production in the Zhengzhou campus remains normal, without a notable impact," a Foxconn spokesman said. The new measures come as Foxconn's factory ramps up production of the latest iPhone 14 models.

Some people had hoped that the zero-Covid policy would be relaxed after the end of the Congress, but General Secretary Xi Jinping indicated in his work report that the policy would continue. The personnel reshuffle in the Communist Party is continuing, and in the coming

months new central government ministers and provincial governors will be selected for promotion, culminating in the annual session of the National People's Congress (NPC) in March, which will approve the new appointments. However, since Xi Jinping is setting out the overall policy – including on the pandemic – few fundamental changes are to be expected.

Foreign Ministry Spokesman Wang Wenbin said that the government has full confidence to win the battle against Covid-19 and will make greater contributions in global solidarity against the virus, adding that Covid-19 is still being regarded as a public health emergency of international concern by the World Health Organization (WHO), the WHO's highest alert level. Wang said that China has been closely following the development of the pandemic. At present, the Covid-19 pandemic still runs at a high level in the world, and the continuous variation of the virus brings great uncertainty, Wang said. "The pandemic is not over." The WHO recently called on all countries to continue to work hard and not let down their guard, and to continue to strengthen the detection of virus mutations and of vaccination, Wang said.

There is some good news on the travel front. **Major Chinese airlines have announced plans to largely restore international flights this month** to further boost cross-border exchanges. This is also expected to lead to price drops. The Chinese government has called for an "orderly increase in the number of domestic and international flights, while taking convenience measures for the travel of foreign company staffers." "China's civil aviation regulator will keep negotiating with other countries to gradually increase the number of international flights," said Xu Qing, Director of the Transport Department of the Civil Aviation Administration of China (CAAC). The upcoming winter-spring aviation season starts on October 30.

Shanghai-based **China Eastern plans to operate 108 international flights per week from the end of the month, doubling the current 54 weekly international flights.** Many of the routes have been suspended due to travel

restrictions since the Covid-19 outbreak in early 2020. Guangzhou-based China Southern's number of international flights will rise to 86 from 71 at present during the new flight season.

The Wuhan Institute of Biological Products said that it has successfully isolated monkeypox virus strains from clinical samples and has begun researching vaccines and drugs for fighting the infectious disease. Most monkeypox patients can recover without special treatment,

and there is no domestically developed vaccine approved to prevent the infection so far. Globally, the primary vaccine approved for use in the United States and a number of other countries is Jynneos, made by a Danish pharmaceutical company.

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

FOREIGN INVESTMENT

China to tackle major issues facing foreign firms



China will focus on tackling major issues faced by foreign businesses, as part of the country's unwavering effort to expand all-around opening-up, Zhao Chenxin, Deputy Director of the National Development and Reform Commission (NDRC), told a press conference. China has repeatedly reaffirmed its commitment to further opening up its vast domestic market for foreign businesses despite growing unilateralism and protectionism pursued by some Western countries, particularly the U.S. The work report to the 20th National Party Congress stressed promoting high-standard opening-up, stating that China will steadily expand institutional opening-up with regard to rules, regulations, management and standards; and push economic globalization toward being more open, inclusive, balanced and beneficial to all, Zhao reaffirmed.

Zhao was asked by a foreign reporter about travel restrictions for foreign business executives and how they impact foreign businesses' enthusiasm for the Chinese market. Since the beginning of 2022, despite the global pandemic, a complex and grim international landscape and weak transnational investment, China has overcome multiple difficulties in attracting foreign investment and achieved growth while maintaining stability and improving the quality of investment, Zhao said. China will strive to solve the major problems facing foreign-invested enterprises and comprehensively strengthen promotion and services for foreign investment, he added. "We will work with relevant parties to advance opening-up at a high level, intensify policies to attract foreign investment, and make better use of the positive role of foreign investment in

promoting high-quality development and unimpeded dual circulation," Zhao said.

There has been a misunderstanding about the new pattern of development that is focused on the domestic economy and features positive interplay between domestic and international economic flows, Zhao said, adding that it is wrong to think that by focusing on the domestic economy, China will scale back its opening-up efforts or even turn to a "self-sufficient economy." Economic globalization has become an irreversible trend, he said, adding that China is already deeply integrated into the global economy and the international system, and the industries of China and many other countries are highly interconnected and interdependent. "Fostering a new pattern of development is important for China to achieve development that is of higher quality and is more efficient, fair, sustainable and secure," he said. China will continue to improve its business climate, implement systems such as negative list management, and work with relevant departments and local governments to provide more convenience for international exchanges and cooperation while keeping Covid-19 under control, the Global Times reports.

According to the China Daily, **China will release the sixth list of major foreign investment projects and further expand the 2022 industry catalog of sectors encouraging foreign investment** as part of its latest efforts to advance high-level opening-up, Zhao Chenxin, said. The first such list was released in 2018. The industry catalog will be updated to increase support for foreign investment in such fields as advanced manufacturing and modern services, as well as in China's central, western and northeastern regions. More policy measures to spur foreign investment quality and quantity will be released, with a focus on the manufacturing sector, he said.

"Despite the rising protectionism and anti-globalization sentiment in the world, China is determined to expand high-level opening-up with concrete actions," said Liu Ying, Researcher at Renmin University's Chongyang Institute for Financial Studies. "That will facilitate global cross-border business activity to further consolidate China's role as a safe bet for foreign investment and, more importantly, a stabilizer and powerhouse for global economic recovery."

From January to August, China's utilized foreign capital reached CNY892.74 billion, an increase of 16.4% year-on-year, data from the Ministry of Commerce showed.

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CHINA NEWS ROUND-UP

U.S. imports of Chinese IT hardware and consumer electronics dropped

Four years into the trade war, **China has lost significant U.S. market share in IT hardware and consumer electronics to Mexico and Taiwan**, though its exports of low-end semiconductors have not yet been fully replaced, a new study has found. Former U.S. President Donald Trump imposed a 25% tariff on Chinese-made network servers, modems, routers, wireless headphones and smartwatches in 2018 when he fired the first salvoes in the trade battle. Since then, U.S. imports from China of IT hardware and consumer electronics have slumped 62%, whereas imports from the rest of the world are 60% higher, **the Peterson Institute for International Economics (PIIE) said in the study**. China's share of U.S. imports for these products has been cut by nearly two-thirds, from 38% to 13% in four years, with Mexico and Taiwan now "sizable" foreign suppliers.

But as to semiconductors, the U.S. has not fully replaced the loss of Chinese imports, PIIE said. China accounted for 47% of U.S. chip imports by volume before July 2018, but its share fell to 39% immediately after the tariffs were imposed, PIIE said. China's foundries specialize in "more mature nodes", producing a high volume of basic semiconductors – also known as "legacy" chips – that have lower profit margins. These products are unattractive to chip making giants such as Taiwan Semiconductor Manufacturing Co (TSMC) or South Korea's Samsung, which prefer to produce more advanced and profitable chips, PIIE said.

"Given that legacy chips are not particularly profitable to manufacture, and if the United States does not want to import them from China, then who will produce them? That is the question facing America's industrial consumers – like the auto sector – of large volumes of legacy chips," PIIE said. The auto sector is one of the industries that have had to scale down production as a result of global chip shortages. Semiconductor supply fell early in the coronavirus pandemic, triggered by factory closures. Sales of electronic devices then soared because of the working-at-home trend, which led to an imbalance that grew worse over time.

Despite tariffs, **U.S. imports of exercise equipment and lithium batteries from China have jumped considerably**, the PIIE report said. China now has more than 50% of the U.S. market for both products, thanks to rising demand for treadmills, rowing machines and electric vehicles among U.S. consumers.

Products that are exempt from U.S. tariffs – including laptops, computer monitors, phones, video game consoles and toys – now account for 27% of total U.S. imports from

China, up from 21% before the trade war started. According to PIIE, there is some evidence of China-U.S. trade decoupling, which has come at the expense of American businesses. The phase-one trade deal between China and the U.S. expired at the end of last year, with an earlier PIIE report calling it a "historic failure" after China bought only 57% of the U.S. exports it had committed to purchase, the South China Morning Post reports.

China and the EU are partners, not rivals

China and Europe are partners not rivals, with close economic connectivity and strong complementarity, and bilateral cooperation is far greater than competition, Wang Wenbin, Spokesperson of **China's Foreign Ministry**, said. He made the comment in response to a reporter's question as to whether the EU's foreign affairs arm may advise member states to reduce dependence on Chinese supply chains. The formation and development of global industry and supply chains reflect the combined effects of market laws and corporate choices, Wang said, noting that artificial restrictions imposed for political purposes run against international cooperation and destabilize industry and supply chains, which is not conducive to economic development, and not in the interests of any country.

In citing recent remarks by Josep Borrell, High Representative of the EU for Foreign Affairs and Security Policy, at the EU Ambassadors Annual Conference 2022 in Brussels, Wang noted that "Chinese workers with their low salaries have done much better and much more to contain inflation than all the central banks together." From heating to textile products, Chinese products have been fairly important and timely choices for European countries that are scrambling to deal with a serious fuel shortage and high inflation.

In the first eight months of this year, Yiwu in Zhejiang province, the world's largest wholesale market for small commodities, exported CNY190 million worth of heating equipment, such as air conditioners and electric blankets, up 41.6% on a yearly basis. China and EU countries have become important trading partners with high economic complementarity, reflected by the significant trade between the two sides. Last year, China-EU trade exceeded USD800 billion for the first time while bilateral trade this year has been resilient, despite the pandemic, inflation and geopolitical conflicts. The China-Europe freight train, the backbone of bilateral trade, has become a strong channel between factories in China and European stores. Even amid global challenges and uncertainties, 12,000 cross-border cargo trains have operated so far this year, up 7% year-on-year. In total 1.18 million standard containers were

transported, up 8%, data from China Railway showed.

China hoped that the EU would view China-EU cooperation objectively, enhance the common interests of both sides and maintain the stability of the global industrial supply chain, Wang said, as reported by the Global Times.

The South China Morning Post adds that Borrell said **the EU now views economic and political competition with China as having eclipsed all other aspects of bilateral ties**. “The message from China is now one of competing: competing on a political level, their economic success, their desire to have influence at all sorts of levels, their presence in Africa, in Asia, in Latin America and elsewhere,” Borrell said. While the EU remains committed to its 2019 three-pronged approach to China – partner, competitor and systemic rival – the space for partnership has been squeezed in the past two years. “It is important that we do not make ourselves dependent on critical value chains in China,” Danish Foreign Minister Jeppe Kofod said. Borrell played down any differences among member states on China policy. “There was no objection to the substance” of a policy paper by the European External Action Service (EEAS), he said.

Local authorities buy real estate to stabilize the market

China’s local authorities are encouraging state-owned enterprises to buy back newly completed housing to bolster the recovery of local real estate markets, and some local governments themselves have also snapped up properties. The local government in Suzhou, Jiangsu province, plans to buy back about 10,000 units of new housing. Multiple cities and regions have encouraged SOEs to buy housing in bulk, including Zhengzhou in Henan province, Jinan in Shandong province, and many other cities. The effects have gradually showed up in sales. In September, 610,000 square meters of residential homes changed hands in Zhengzhou, an increase of 71% month-on-month, while the transaction area for Jinan city reached 590,000 meters, up 2% from the previous month.

Altay prefecture in Xinjiang is another example. It announced 15 measures on September 27 to promote the healthy development of the local housing market, which encouraged SOEs to acquire housing projects. It also encouraged developers to put their inventories of commercial housing into the subsidized rental housing market. Yan Yuejin, Research Director at Shanghai-based E-house China R&D Institute, told the Global Times that the practice will have a comprehensive effect in revitalizing the property market.

Many cities adopted “buying back residential housing projects” as a policy tool in 2022, turning them into public rental housing, Yan said. The practice isn’t the same as encouraging SOEs to directly buy new housing in groups, so it is important to prevent misunderstandings about the policy, the Global Times reports.

Banks in several Chinese cities have made further cuts to mortgage rates for first-time home buyers to below 4%. Industry experts said that the market will see a faster recovery as pro-growth government measures start to take effect. The lowest rate hits 3.7%. “The housing market is

worth looking forward to, especially in the next year,” Song Ding, Research Fellow at the Shenzhen-based China Development Institute, told the Global Times.

Blinken says U.S. must not “lose sight of cooperative aspect” in relations

Just days after the Joe Biden administration imposed aggressive restrictions on China’s access to semiconductors and identified China as a threat to American security in its National Security Strategy, **Secretary of State Antony Blinken said that though a “very different” China had emerged under Xi Jinping’s leadership, the United States should not “lose sight of the cooperative aspect” in bilateral ties**. Blinken, appearing at Stanford University in California, answered questions about technology, diplomacy and national security from former Secretary of State Condoleezza Rice, who held the post in the George W. Bush Administration from 2005 to 2009 and is now Director of the university’s Hoover Institution.

While saying that China “is more repressive at home” and “more aggressive abroad” under Xi, Blinken stressed that “it’s important not to reduce this to a bumper sticker”. He described Washington’s relationship with China as among the “most consequential”, “most challenging” and “most complicated” and said recent years had seen the competitive aspect of the relationship become the “front and center”. That competitive tone will “shape what comes next after this post-Cold War period”, he said, adding that the world’s major challenges will be difficult to tackle “if the United States and China are not actually engaged in trying to solve problems of climate, global health, etc”.

In August, China suspended all cooperation with the U.S. as a punitive action after House Speaker Nancy Pelosi visited Taiwan. Blinken said the U.S. and countries around the world had a profound stake in peacefully resolving the Taiwan issue. “The amount of commercial traffic that goes through the Strait every single day – and it has an impact on economies around the world – is enormous,” he said, adding that if Taiwanese semiconductor production were disrupted because of hostilities, “you would have an economic crisis around the world”. He also repeated that the U.S. was committed to its one-China policy while also determined to make good on its pledge to support Taiwan to defend itself, the South China Morning Post reports.

BMW’s JV Spotlight Automotive to produce electric Minis in China

BMW’s plan to relocate production of electric Mini cars from the UK to China will help the brand raise its profile and attract young buyers in the country, as the carmaker aims for a bigger share in the world’s largest electric vehicle (EV) market, analysts said. The German carmaker said it planned to move some of its Mini production from its Cowley plant in Oxford to China next year. But BMW insisted that Oxford will “remain at the heart of Mini production”. Spotlight Automotive, a 50-50 venture between BMW and its Chinese partner Great Wall Motor, will begin assembling electric Mini cars in

Zhangjiagang, in Jiangsu province next year, BMW had announced last November.

“The end of electric Mini production in Oxford represents a strategic shift in BMW’s focus to the mammoth Chinese EV market,” said Gao Shen, Independent Analyst in Shanghai. “The compact electric car segment has great potential in China, and BMW’s Mini is a brand worth the attention given the popularity of its internal combustion engine products.”

BMW has been seeking to overhaul the unprofitable brand by shifting some manufacturing to Asia. **In 2019, Great Wall and BMW established Spotlight to produce EVs**, with each party contributing half of the total CNY5.1 billion investment. Spotlight, with a capacity of 160,000 vehicles a year, will initially manufacture two Mini models including the Aceman. The Oxford plant churns out 40,000 electric Minis each year. Last year, sales of electric Minis in China rose 5.2% year-on-year to 30,546 units. Analysts said that while sales of electric Minis are not large, local production could cut production costs, with savings likely to be passed on to Chinese buyers, the South China Morning Post reports.

China's GDP grew 3.9% in Q3, beating expectations

China’s economy beat expectations and grew by 3.9% in the third quarter of 2022 compared with a year earlier, the National Bureau of Statistics (NBS) announced. The world’s second-largest economy had been predicted to grow by 3.7%, according to Chinese data provider Wind, following an expansion of only 0.4% in the second quarter. China has set its gross domestic product (GDP) growth target for 2022 at “around 5.5%”, but Premier Li Keqiang has since admitted China is likely to fall short. China had been expected to release its third-quarter economic data on October 18 during the 20th Party Congress, but the release was delayed till October 24. Before the data release, Zhao Chenxin, Deputy Director of the National Development and Reform Commission (NDRC), said that China’s growth had “rebounded significantly” in the third quarter and remained “outstanding” when compared to the rest of the world.

The International Monetary Fund (IMF) and the World Bank recently slashed their 2022 growth outlook for China to 3.2% and 2.8% respectively, which could be the lowest growth rates in four decades, excluding the initial coronavirus crisis in 2020. In other figures released by the NBS, industrial production grew by 6.3% in September from a year earlier, up from 4.2% growth in August. This was above the forecast by Wind, which had predicted 4.8% growth last month. Retail sales rose by 2.5% in September, year-on-year, down from 5.4% growth in August. Fixed-asset investments – which Beijing has relied heavily on this year to stem downturn risks – rose by 5.9% in the January-September period. China’s urban surveyed jobless rate rose to 5.5%, up from 5.3% in August.

The unemployment rate for the 16-24 age group fell to 17.9% in September, from 18.7% in August and a record 19.9% growth in July, the South China Morning Post reports.

Amer Group is Guangdong's biggest private enterprise, ahead of Huawei

Guangdong province has released a list of the province's top 100 private enterprises in 2022 in terms of revenue, with low-profile electronic and new material company Amer International Group replacing Huawei to take top spot, while Huawei is listed in the second place. They are followed by tech firm Tencent, property developer Country Garden, and the rapidly growing China Merchants Bank. Other companies in the top 10 include Midea, TCL, BYD, SF Express and Gree.

The combined revenue of the top 100 private enterprises in Guangdong reached CNY7.4 trillion in 2022, almost equivalent to the GDP of Indonesia, the world's 16th largest economy last year. The threshold to be included on the list was CNY10.26 billion in 2022. The total profit of the 100 private companies hit a record high of CNY759 billion, with an annual average growth rate of 30%. Most companies appearing on the list are in manufacturing, new energy, internet, electronic information, finance, property and home appliances, as well as other services sectors.

Out of the top 100 private firms, China's "Silicon Valley" **Shenzhen**, is home to 53 and the city is home to the top three companies: **Amer, Huawei and Tencent**. While Huawei's fall is mostly due to the spin-off of sub-brand Honor, the list also shed light on the No 1 private company in Guangdong, low-profile Amer International Group. According to its website, the company mainly focuses on the whole industry chain of new electronic information and new materials and is **the world's leading new metallic materials producer**. The company employs over 18,000 workers. The company owns more than 40 industrial parks across China, including new metallic materials industrial parks in Shenzhen (Guangdong), Ganzhou (Jiangxi) and Tongling (Anhui).

Observers said that the rise of Amer is partly due to the bulk commodity price hikes since the beginning of the year, which increased the company's income and profitability. In 2021, the company reported a revenue of CNY722.75 billion. Amer also ranked 4th on the China Top 500 Private Enterprises and 2nd on the China Top 500 Private Manufacturing Enterprises. “The company mainly supplies products to business clients, and that’s why it remains little known to the public,” market analyst Liu Dingding told the Global Times. According to the Hurun Global Rich List 2022, **the founder of Amer, Wang Wenyin, also known as the “copper king of the world,”** is ranked No 120 globally with a wealth of CNY100 billion. Last year, economic value generated by the private economy rose 7.8% to reach CNY6.78 trillion in Guangdong. The private sector also provides over 60% of employment in the province.

Agricultural Bank of China and BNP Paribas to set up wealth management JV

A wholly owned subsidiary of the Agricultural Bank of China (ABC) has been granted approval to set up a wealth management joint venture (JV) with BNP Paribas Asset Management. ABC Wealth Management Co will cooperate with BNP Paribas Asset Management to

set up a JV wealth management company. ABC Wealth Management Co will hold 49% of the venture and BNP Paribas Asset Management will hold 51%. "Foreign banks' cooperation with Chinese banks is based on China's huge market and its growth outlook," Dong Dengxin, Director of the Finance and Securities Institute of the Wuhan University of Science and Technology, told the Global Times. Increasing cooperation in this sector shows that China's strategies of globalization and opening of its capital market have been recognized by most foreign countries.

"With economic development, Chinese people will demand more wealth management services, so China is at the starting point of wealth management market explosion," Guo Xinhua, Managing Partner in Deloitte China's investment and management division, told domestic financial media outlet 21caijing.com. "With the acceleration of financial technology and related regulations, the domestic wealth management market has obvious growth potential," Guo said.

Several wealth management joint ventures have already been set up. In September 2020, Amundi BOC Wealth Management Co, a JV of France-based investment bank Amundi and Bank of China (BOC), received regulatory approval, with Amundi taking a 55% stake. In May 2021, U.S.-based BlackRock, Singapore's Temasek Holdings and China Construction Bank (CCB) set up a JV to carry out asset management business in China.

"Cooperating with foreign financial firms or banks might be a shortcut for large Chinese banks to enter the global market, and this form of cooperation will accelerate the localization of foreign firms in China," said Dong Dengxin. The high-quality opening of China's financial market is steadily advancing. In the fields of banking, securities, insurance and funds, the restrictions on foreign shareholding levels have been gradually lifted and the scope of permitted business widened. Thus, the number of wholly foreign-owned institutions has risen, the Global Times reports.

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