

China Business Weekly

15 November 2022



FCCC/EUCBA ACTIVITIES

Webinar: Latest Belgian tax updates and subsidies – November 30, 2022 – 10 am



The Flanders-China Chamber of Commerce (FCCC) – with the support of Flanders Investment & Trade – is organizing a webinar focussing on: “**Latest Belgian tax updates and subsidies**”. This webinar will take place on **November 30 at 10 am CET**.

On October 11, 2022, the Belgian Federal government reached an agreement on its public budget for 2023 and 2024, including an announcement of a broad tax reform over the next few years.

Michaël Vangenechten, Director with PwC's Global Tax Services, will discuss the most important changes on the horizon for corporates investing or developing activities in Belgium.

As a growing and/or highly innovative company, financing your ambitions may prove to be a challenging process. The landscape of funding opportunities is scattered across different government bodies and agencies, as well as across various types of incentives and instruments, which does not ease the process.

Pierre Demoulin, Manager with the PwC Incentives Hub, will guide you through the broad spectrum of relevant grants, and incentives, both at a Belgian and European level.

The programme is as follows:

10h00 – 10h05: Welcome speech by Ms. **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

10h05 – 10h25: Presentation by Mr. **Michaël Vangenechten**, Director, PwC's Global Tax services

10h25 – 10h45: Presentation by Mr. **Pierre Demoulin**, Manager, PwC Incentives Hub

10h45 – 11h00: Q&A Session

About the speakers:

Michaël Vangenechten, Director with PwC's Global Tax Services, is particularly skilled in corporate income tax advisory, international tax structuring, M&A deals as well as financing, and value chain transformations. He has a solid European legal basis, with an APAC (mainly Singapore and Hong Kong) specialisation and U.S. tax exposure.

Pierre Demoulin, Manager with the PwC Incentives Hub, is particularly skilled in grants and Incentives advisory, as well as global investing and innovating Incentives.

Practical information: Date and time: November 30, 2022, 10h00 -11h00 **Location:** Online **Price Members:** Free

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Webinar: “Get to know your partner in China” – December 1, 10 am CET



*Remote Due Diligence:
Getting to Know Your Partners in China*

FREE WEBINAR

1 December 2022 | Online via Zoom

10:00 – 11:00 Brussels Time

17:00 – 18:00 Beijing Time



Scan to sign up



The EU SME Centre, the EU-China Business Association and the Flanders-China Chamber of Commerce are organizing a webinar entitled “**Get to know your partner in China**”.

Since many EU SMEs are currently unable to travel to China, they need to know how best to identify suitable local partners in China and how they can remotely conduct due diligence. They also want to know how they can reliably and accurately assess prospective suppliers or sellers.

To answer these questions and to provide the correct tools to conduct such evaluations, Mr. Alessio Petino, Business Advisor, EU SME Centre, will offer his guidance on identifying potential partners, conducting due diligence and choosing the right partner in China. He can draw on extensive experience.

This webinar will take place online on **December 1 at 10.00 am CET**.

The programme is as follows:

10h00 – 10h05: Welcoming words, **Ms. Gwenn Sonck**, Executive Director, EU-China Business Association / Flanders-China Chamber of Commerce

10h05 – 10h10: EU SME Centre presentation, **Mr. Davide Orlandi**, EU Partnerships Coordinator, EU SME Centre

10h10 – 10h40: Presentation “Get to know your partner in China”, **Mr. Alessio Petino**, Business Advisor, EU SME Centre

10h40 – 11h00: Q&A Session

Practical information:

Date: December 1, 2022

Time: 10 am CET (Brussels time)

Location: Online

Price for Members: Free

[SUBSCRIBE HERE](#)

ACTIVITIES SUPPORTED BY FCCC

China Platform Lecture Café 2022 – 22 November & 13 December



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

The lecture sessions will also be livestreamed.

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

“Russia’s war against Ukraine sent a shock wave through international politics. From the start, China’s stance on the war has been an object of both hopes and fears. Is the world heading for a new cold war between mutually exclusive blocks: China and Russia against the EU and the US? Or is there still a chance to preserve cooperative relations even between states with radically different domestic systems?”.

“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](#)

PAST EVENTS

Webinar: The 7 Pitfalls and the 12 Most Common Errors of Public Affairs

8 November 2022



The poster is for a webinar titled "The 7 Pitfalls and the 12 Most Common Errors of Public Affairs". It features the logos of the Flanders-China Chamber of Commerce (FCCC) and the Vlaams-Chinese Kamer van Koophandel (VCKK). The text is in both English and Chinese. The date and time are listed as 8 November 2022 at 10:00 am CET. A circular portrait of Mr. Karel Joos, Partner at Dentons Global Advisors, is included on the right side of the poster.

The Flanders-China Chamber of Commerce, with the support of Flanders Investment & Trade, organized a webinar in partnership with Dentons Global Advisors focusing on: “**The 7 pitfalls and the 12 most common errors of public affairs**” on **8 November 2022**.

Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, welcomed the participants to the webinar. European investments in China increased slightly in 2021 to €8.6 billion compared to €8.5 billion in 2020. Most were greenfield investments. Chinese investment in the EU increased but on a downward trajectory. Last year, completed Chinese FDI in Europe increased to €9 billion in 2021 from €6.5 billion in 2020. Still, 2021 was the second lowest year for Chinese investments in Europe since 2013. The Netherlands received most of the Chinese investments followed by Germany, France and the UK. The share of Chinese state-owned investors fell to a 20-year low in Europe. SOE investments were down 10% compared to 2020 and were mostly in energy and infrastructure, particularly in Southern Europe. Consumer products and automotive were the top sectors. Chinese investments in automotive were driven by electric vehicle batteries. The next biggest sectors were health, pharma and biotech; information and telecommunication technology; and energy.

Mr Karel Joos, Partner, Dentons Global Advisors, shared some tricks of the trade in public affairs and lobbying. Mr Joos has been doing public affairs and lobbying since 2008.

The seven vices or pitfalls of lobby campaigns and ways to overcome them. Companies are confronted with an increasingly demanding and complicated ecosystem of journalists, policymakers and activists. Stakeholders and companies are struggling to advance their own interests and convince policy makers to take positive action. With regard to governments and politicians, making mistakes in lobby campaigns can be costly and can lead to failure at the worst and disappointment at the best. In any case, your public affairs campaign will not succeed. Suppose that you want to make a large investment, you will need a number of permits and if you get into trouble with activists and you don't organize your public affairs campaign in the best way, chances are that you will not be able to make that investment because policy makers will not grant you the permits.

1. **Tardiness: too late is too little.** If you want to shape a political agenda or convince policy makers to take a positive action, doing that is much easier when the agenda is still malleable. Having to reconsider is much harder than still being open to debate. A public affairs campaign kicking in too late will be confronted with doors already closed and minds already made up. Starting too early is still better than starting too late. Quite a lot of companies wait until they get into trouble.
2. **Tediousness: the best story always wins.** Many companies fail at making their narrative memorable and lasting. The challenge is to create mindshare before marketshare through a compelling and resonating story which connects logic with emotion. It's about finding a need and bringing that to the decision makers. You can't do that with only facts and figures.
3. **Indistinctness: public affairs is not about people you know but about knowledge you have.** It is not about having an address book and being able to call people. Getting a meeting with a high-ranking policy maker is useless if one does not have a case which is politically relevant. Any company will be heard if its message is the right one at the right time for the right person. It's not because you know somebody that he will do what you want. Policy makers are scrutinized by the media and other stakeholders, and need to explain their actions. You need to look for a politically relevant case.
4. **Self-centeredness: politics is a game of power while business is a game of profit.** Companies who try to make policy makers act and think like business people will never reach their goal. Any solution to a public affairs issue will have to be supported by both sides of the deal and will need to serve a common interest acceptable to the public opinion. Don't try to make the public sector think like you do. They think and act differently because they play another game. You need to find a way to play a common game.

5. **Suggestibleness: interest and influence are not the same when analyzing stakeholders**, whose behavior is easily misread. It is not because some people are very vocal about a certain topic that they will have an important and relevant stake in the decision to be made. You need to understand the ecosystem of influence and focus on the very vocal stakeholders.
6. **Feebleness: unity is strength**. This is an internal pitfall. If you want to exert a significant impact in a public affairs campaign, an internal cross-functional group should drive the effort and coordinate all the initiatives. If you don't do this, your campaign risks to send out messages which are not compatible.
7. **Oneness: two can accomplish more than twice as much as one**. Mobilizing support can be one of the most effective strategies in public affairs.

The damaging dozen: 12 common mistakes made by lobbyists:

1. **Not reading between the lines**: When negotiating legislation or policy briefs, politicians have a habit of making agreements sentence by sentence. As every word has its meaning, simply reading what is written is most likely to produce an incomplete picture of the political reality.
2. **Doing something when doing nothing is better**: In politics, doing nothing can be extremely intelligent. And yet many lobbyists are afraid of the void and would rather do anything at all, which could prove to be detrimental. In the meantime, don't sit and wait, but sit and watch.
3. **Not knowing what persistence really means**: Politicians are capable of understanding what you want. They can do without repeated interventions about the same topic. Sooner or later, undue pressure on politicians will backfire. If you cross the line of irritation, you will get into more trouble.
4. **Not balancing persistence with patience** in equal measure. Politics can evolve very slowly for a long time, but can switch to the speed of light in a single day.
5. **Ignoring the lesser gods**: Only the top brass make the big decisions, but downstream they are surrounded by an ecosystem of people who sometimes have more influence than meets the eye.
6. **Not telling the truth and thinking one can get away with it**: Coloring the truth or downright lying is by far the most dangerous tactic to use. Policy makers may be fooled some of the time, but certainly not all the time. The day of reckoning will come and destroy corporate reputation completely.
7. **Making poor background checks**: You need to understand whom you are talking to. Do your homework. Being successful will be much easier if one knows the opposite side better than one's own self.
8. **Acting without coverage by the higher level**: There will be no time to check and recheck with higher levels, so make sure you are covered by those who have responsibility for managing the campaign.
9. **Thinking a compromise is a defeat**: In all things political the winner never takes it all. Trying to leave politicians empty-handed will never yield a solution, even if they are completely wrong and you are completely right. A compromise can be a step in a future success. Making enemies by not accepting a compromise is not the best way.
10. **Coming out of the gates storming**: Do not start a war without being certain you are going to win. Lobbyists who aggressively try to advance in a campaign will end up in misery as policy makers have far more instruments to embark on in an endless guerrilla. You will need them more than they will need you.
11. **Sending the wrong messenger**: To make interaction fruitful, both sides need to feel comfortable, so send a messenger at the same level. It is rarely the best idea to send in a lawyer as this will suggest legal action, neither is putting forward the CEO at the start of the campaign. You have to be organized in a way that you can still escalate.
12. **Thinking people will give way because you invited them to lunch**: Thinking a lunch or a present might do the trick supposes that policy makers are either stupid or corrupt. It can be useful for building trust but not for convincing somebody to do something.

Personality characteristics of effective and successful public affairs professionals:

1. **Listening**: especially to what is not said, and find out why politicians don't say certain things.
2. **Observing**: look for circumstantial evidence. The answers to the least obvious questions are likely to be the most relevant.
3. **Relationship-building**: lobbying is about human interests.
4. **Courtesy**: be clear in making your point and be courteous at the same time.
5. **Honesty**: provide reliable information consistently in thought and action.
6. **Integrity**: this is always highly appreciated.
7. **Credibility**: being a trusted and believed counterpart.

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



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 organized a webcast focussing on “**China's Development Priorities and Implications from the 20th National Party Congress**” on **November 9**.

Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce/EU-China Business Association, welcomed the participants to the webcast.

In this webcast, Mr. **Alfredo Montufar-Helu**, Head of the China Center for Economics and Business, The Conference Board, talked 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 also touched upon the key takeaways from the historical 20th National Party Congress.

A Q&A session concluded the webcast.

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HEALTH

Quarantine for international arrivals reduced to 5+3; CPC Standing Committee reconfirms zero-Covid policy, but some policies are relaxed



New rules reduced the required quarantine for arriving international passengers from 7 days in centralized quarantine plus 3 days at home to 5+3. The updated regulations also stipulate that inbound travelers should not be placed into isolation again after finishing the required quarantine at their first point of entry. Inbound travelers will have to take PCR tests four times in centralized quarantine and twice while under home quarantine.

Chinese authorities introduced 20 relaxed measures for Covid-19 control, including:

- Quarantine for close contacts of cases to be reduced to 8 days instead of 10
- Only one PCR test for inbound travelers needed within 48 hours of departure, down from two
- Circuit breaker for inbound flights to be canceled
- Incoming groups of business travelers and athletes will be transferred to a quarantine-free, closed-loop bubble
- Secondary close contacts will no longer be traced
- Categories of Covid-19 risk areas to be adjusted to high and low, from high, medium and low
- Mass testing only when the infection trajectory is unclear
- Booster vaccinations, especially among elderly, should be accelerated
- Inventories of Covid-19 drugs and medical materials will be strengthened; hospital and intensive care unit beds increased
- The cycle threshold (Ct) value – a measure that indicates how much virus a person is carrying – needed to get the all-clear has been lowered to 35. This reduces the risk that travelers who test negative when boarding will then test positive on arrival.

The new measures were introduced after a meeting of the Standing Committee of the Communist party of China, which once again reaffirmed the zero-Covid strategy, while stressing optimization of disease control measures based on the latest epidemic situation and patterns of viral mutations. China is still not allowing tourist visa applications.

The ending of flight suspensions due to a number of infected passengers on incoming flights, will increase the number of flights to and from China and thereby also trigger price drops. **Searches for international air tickets on travel platform qunar.com already soared past its highest level in 12 months.** Fliggy data showed that one hour after the policy was announced, search traffic for international air tickets on the platform increased threefold compared with the previous day. “The suspension of the circuit breaker policy is a welcome move,” Xie Xingquan, Regional Vice President of North Asia at the International Air Transport Association (IATA), told the Global Times. We hope that the Chinese government will have the confidence to remove quarantine and the need for Covid testing for arrivals, he added. Industry information provider VariFlight predicted that the flying capacity of inbound routes by the end of November is expected to increase by more than 25% month-on-month and be 300% higher than the low point of the year in May.

China has seen a major surge of cases in recent weeks, with 10,535 local infections reported on November 11, including 9,385 asymptomatic cases. The number, while small by international standards, marks a tenfold increase compared with the number of daily cases at the end of last month.

The number of new locally transmitted Covid-19 infections has continued to rise in recent days in Beijing to the highest number since the start of the epidemic, with high infection risks among communities, senior officials said. Liu Xiaofeng, Deputy Director of the Beijing CDC, suggested work units and companies reduce offline meetings and residents reduce gatherings. The Omicron variant BF.7 has become the main strain in Beijing. The flare-up started on October 27.

The rapid growth of the Covid-19 outbreak in Guangzhou, Guangdong province, has been initially contained after several days of great efforts, but the trend of the pandemic is still uncertain, according to the local health authority. “The city reported multiple sporadic cases in the entire city, with Haizhu district still being the main battlefield against the pandemic,” Zhang Yi, Deputy Director of the Guangzhou Health Commission said. Haizhu reported 2,423 of the city’s 2,583 infections on November 10, or a total of 14,940 infections since October 22. To curb the virus’ spillover, the health department has decided to give red health codes to those who have visited high-risk areas in Haizhu starting on November 11. They are required to report to local health departments, neighborhood committees or work units and stay at home

for three days. Their health codes will become green again after three consecutive negative PCR tests. Guangzhou will no longer screen secondary close contacts, and those who are now being quarantined will be released.

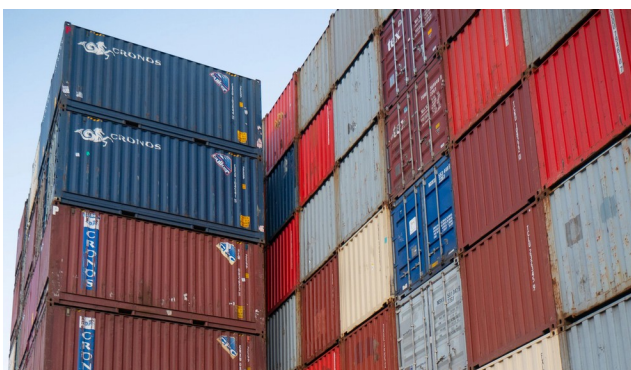
Residents in 11 central urban districts in Chongqing are being urged not to leave their areas, and people from outside are being asked not to enter unless necessary, Li Pan, Deputy Director of the Chongqing Health Commission, said. Chongqing is facing a serious challenge in Covid-19 containment, as local infections are rising rapidly in all central urban districts and spreading to districts and counties outside the region. Chongqing covers 82,400

square kilometers and has a population of more than 30 million. From November 1 to 6 pm on November 12, 4,974 confirmed cases have been reported. Among them, more than two-thirds were in the city's central urban districts. It was the first time in the past three years that Chongqing has experienced such a large number of infections, which have been rising very fast and spreading to almost every part of the city.

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

FOREIGN TRADE

Deals at CIIE up 3.9% year-on-year to USD73.5 billion



Deals concluded at the fifth China International Import Expo (CIIE) reached a record USD73.5 billion this year, up 3.9% from a year earlier, Sun Chenghai, Deputy Director of the CIIE Bureau, said as the six-day exhibition wrapped up. Up to 438 new products, technologies and service items made their debut at this year's CIIE, up from 422 last year, Sun added. A digital CIIE platform was built for the first time this year. A total of 368 technology and equipment companies took part in the online version by showcasing their latest technologies and solutions, attracting more than 600,000 views. The food and agricultural products area attracted the largest number of attendants, with 1,076 companies from 104 countries taking part in the event. The world's top 15 pharmaceutical companies and the 10 largest medical equipment makers were present at this year's CIIE, added Sun.

This is the fifth time for Astra-Zeneca to participate in the annual CIIE. Executive Vice President Leon Wang said the UK pharmaceutical firm has signed 45 contracts at this year's exhibition, most of which are aimed at increasing investment, deepening cooperation and boosting innovation in China. "We are greatly encouraged by the fact that China's supply chain is still unimpeded as well as the advantages of China's manufacturing industry and the opportunities for expanding production capacity, as well as measures taken by local governments to support foreign investment," Wang said. The fifth CIIE attracted 2,800 companies from 127 countries and regions. A total of 284 Fortune 500 companies and industry leaders attended this

year's exhibition, with nearly 90% of them returnees from previous editions. About 100,000 square meters of exhibition space has already been booked for next year's CIIE.

Prominent integrated circuit companies demonstrated their cutting-edge technologies at the fifth CIIE, highlighting China's importance in the global semiconductor industrial chain amid external uncertainties. Shen Bo, Senior Vice President of Dutch semiconductor equipment company ASML and President of ASML China, said: "This is the fourth time ASML has participated in the CIIE, and we hope to leverage the platform to continuously demonstrate our openness and collaboration." Currently, ASML has 15 offices, 11 warehousing and logistics centers, three development centers, one training center and one maintenance center in the Chinese mainland, with more than 1,500 local employees. China will continue to play an integral role in driving the development of a highly collaborative global semiconductor industry, ASML said.

Texas Instruments has utilized the CIIE to announce its expansion in China. TI is expanding its assembly and test capacity in Chengdu, Sichuan province, and upgrading automation at its Shanghai product distribution center. Jiang Han, Vice President of TI and president of TI China, said: "We are excited to offer our customers stronger local support, address their needs quickly and efficiently, and help them succeed. The expansion further underscores our deep commitment to supporting our customers in China."

Intel also found the CIIE useful. Wang Rui, Senior Vice President, said, "Intel is very pleased to participate in the Expo, which is an important platform to promote international exchanges, and comes with huge opportunities for global cooperation." Having been deeply involved in the Chinese market for 37 years, the U.S. company regards the country as one of the top priorities of its global strategy, Wang said. "In 2022, Qualcomm's participation has once again shown its confidence in the long-term sustainability of the Chinese market and the determination to work with Chinese partners to develop domestic and international markets and drive win-win development," Frank Meng, Chairman of Qualcomm China, said, as reported by the China Daily and Global Times.

AUTOMOTIVE

Chinese vehicle sales expected to increase 3% this year



The China Association of Automobile Manufacturers (CAAM) expects total sales this year will be up by 3% from 2021, as carmakers sold 2.51 million vehicles last month. This was 4% less than in September but up 6.9% year-on-year, said the CAAM. Both September and October are usually peak months for car sales in China. The October sales numbers brought total deliveries in the first 10 months of this year to 21.98 million, up 4.6% from the same period of 2021. The growth rate was 0.3 percentage points higher than that of the first three quarters. Of the October sales, passenger vehicles totaled 2.23 million, up 10.7% from the same month last year. Deliveries from January to October totaled 19.22 million, up 13.7% year-on-year. Chen Shihua, Deputy Secretary General of the CAAM, said the passenger vehicle segment has seen a rapid rise since June, when the central authorities introduced a favorable purchase tax. Chen said the segment is expected to drive total sales in the country this year to exceed 27 million units.

China-made premium vehicles including those from Audi, BMW and Mercedes-Benz saw their deliveries go up 12.5% year-on-year to 340,000 units in October. Total deliveries soared 10.6% year-on-year in the first 10 months to 3.08 million units. Sales of electric cars and plug-in hybrids reached 714,000 units last month, up 81.7% year-on-year. They accounted for 28.5% of total vehicle deliveries in October. NEV sales from January to October reached 5.28 million units, up 110% year-on-year, and are expected to reach 6.5 million this year. BYD sold more than 200,000 vehicles in October, a new record. BYD has been the most popular carmaker in China for three months in a row. Its sales in the first 10 months totaled 1.39 million vehicles, up 233.92% year-on-year. Tesla's

Shanghai plant sold 71,704 vehicles in October, up 32% from a year earlier. It delivered 554,778 vehicles in the first 10 months of 2022, far exceeding the 484,130 units delivered during the whole of 2021.

Chinese electric car startup Nio sold 10,059 vehicles in October, up 174.3%, despite production at its plants in Anhui province being disrupted by Covid-19. It delivered 92,493 vehicles from January to October, up 32% year-on-year. William Li, Chairman and CEO of Nio, said the carmaker will launch five new models in the first half of 2023. "By June, we will have eight models on sale to meet the demands of different customer groups," he said. But as the authorities are stopping subsidies for NEVs by the end of this year, many carmakers are starting to explore the potential of hybrids as well as plug-in hybrids, which are powered by engines and thus less dependent on charging facilities.

China's vehicle exports hit a monthly record in October, with 337,000 units shipped overseas. Around one-third were NEVs, up 81.2% year-on-year. **Exports in the first 10 months reached 2.46 million units, up 54.1% year-on-year**, which was already higher than total vehicle exports for the whole of 2021. Exports of NEVs increased 96.7% year-on-year to 499,000 units from January to October. Tesla alone exported 219,427 vehicles during the January-October period, according to Tesla China. Statistics from the CAAM show that Belgium, the United Kingdom and Thailand were the top three destinations for China-made NEVs in the first three quarters of this year.

Last week, the electric sedan ET7 from Chinese startup Nio was selected as **the best model in the "Medium and Upper Class" category in the Golden Steering Wheel competition in Germany**. The ET7 received the award within one month of its arrival in Europe, a first for a Chinese carmaker. Established in 1976, the Golden Steering Wheel is one of the most prestigious and oldest awards in the automotive industry. Ralph Kranz, General Manager of Nio Germany, said the award as well as the positive feedback from potential customers confirm "we have a very convincing electric vehicle ready to compete with the best." Before joining Nio, Kranz was a senior executive at Volvo. Fu Bingfeng, CAAM Executive Vice President, said China's electric cars, which are doing a good job in terms of design, quality and novel features, are competitive in the global market and are driving China's vehicle exports. BYD won a deal last month from Germany-based car rental company Sixt to offer 100,000 electric vehicles by 2028, the China Daily reports.

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CHINA NEWS ROUND-UP

Chinese and U.S. Presidents meet at G20 Summit in Bali

Chinese President Xi Jinping met his American counterpart Joe Biden on the sidelines of the G20 summit in Bali, Indonesia. The main aim was to “build a floor” for U.S.-China relations to prevent them from deteriorating further. The highly anticipated meeting between the two leaders came amid heightened tensions in the Taiwan Strait and U.S. moves to restrict China’s access to microchips. No joint statement was issued after their meeting. **President Biden said the goal of the meeting was to prevent the two countries from going to war.** “We share responsibility, in my view, to show that China and the United States can manage our differences, prevent competition from becoming anything ever near conflict, and to find ways to work together on urgent global issues that require our mutual cooperation,” Biden said. “I’m committed to keep lines of communication open between you and me personally, and our governments across the board, because our two countries have so much that we have the opportunity to deal with,” said Biden in opening remarks. He added that the U.S. side has no intention to seek decoupling from China, to halt China’s economic development, or to contain China.

President Xi Jinping said the world is paying attention to the high-stakes meeting between him and U.S. President Biden, according to CNN. “Currently the China-U.S. relationship is in such a situation that we all care a lot about it because this is not in the fundamental interest of our two countries and peoples, and it is not what the international community expects from us,” Xi said in his opening remarks at the meeting. “As leaders of the two major countries we need to chart the right course for the U.S.-China relationship. We need to find the right direction and elevate the relationship,” he added. The talks lasted for about three hours.

Chinese Premier Li Keqiang crossed paths with U.S. President Joe Biden at the East Asia Summit in Cambodia on November 13, but there are no reports that they talked to each other, CNN and the South China Morning Post report.

While in Bali, President Xi will also hold meetings with French President Emmanuel Macron and Australian Prime Minister Anthony Albanese.

Plans announced to rescue property firms

China has unveiled a sweeping rescue package to bail out a real estate market mired in a record slowdown and deepening liquidity crunch. The People’s Bank of China (PBOC) and the China Banking and Insurance Regulatory Commission (CBIRC) jointly issued a notice to financial institutions to ensure the “stable and healthy development” of the property sector. Unlike previous piecemeal steps, the latest notice includes 16 measures, from addressing the liquidity crisis faced by developers to loosening downpayment requirements for homebuyers, according to insiders. As part of the rescue plan, developers’ outstanding bank loans and trust borrowings due within the next six months can be extended for a year, while repayment on their bonds can also be extended or swapped through negotiations.

The move is the strongest sign yet that Chinese policymakers are easing a years-long clampdown on the property sector, one of the biggest drags on the economy. Authorities have sought to defuse the property crisis in the past few months through cutting interest rates, urging major banks to extend CNY1 trillion of financing in the final months of the year, and offering special loans through policy banks to ensure property projects are delivered. China also expanded a key financing support program designed for private firms – including real estate companies – to about CNY250 billion, a move that could help developers sell more bonds and ease their liquidity woes.

One of the biggest policy changes in the latest notice is to **allow a “temporary” easing of restrictions on bank lending to developers.** China began imposing caps on bank’s property lending in 2021, as authorities sought to tighten the reins on a bubble-prone industry and curb leverage at some of the nation’s largest developers. Banks not meeting the current restrictions will be given extra time to meet the requirements. In addition, regulators encouraged banks to negotiate with homebuyers on extending mortgage repayment.

China’s property sector has at least USD292 billion of onshore and offshore borrowings coming due through the end of 2023. That includes USD53.7 billion in borrowings this year, followed by USD72.3 billion of maturities in the first quarter of next year, the South China Morning Post reports.

15 cutting-edge achievements presented at 2022 World Internet Conference Wuzhen

Fifteen cutting-edge scientific and technological achievements made by world-leading internet firms from China and abroad were unveiled at the 2022 World Internet Conference Wuzhen Summit in Zhejiang province. The release ceremony showcased progress in frontier sections such as 5G/6G networks, IPv6+ protocol, artificial intelligence, operating systems, cyberspace security, supercomputing, high-performance chips, and “digital twins”. This year’s latest advancements bridge many gaps in the internet industry. ODPS, which is a hyperscale big data computing platform from Alibaba Cloud, also made several innovations, including on the reliability of the database. “Its applications cover sectors like industry, energy, medical services and city governance,” said Jiang Jiangwei, a partner of Alibaba Group.

China Unicom’s IPv6+ is also among the avant-garde selections. Based on the IPv6+ technology, a smart data private network was built during the Winter Olympics earlier this year in Beijing. It provided the shortest latency, the highest performance and reliable high-quality service, and strongly supported the 2022 Winter Olympics and the Winter Paralympics, said Liang Baojun, Vice President of China United Network Communications Group Co, during the release ceremony.

Among the foreign winners was the Snapdragon X70 chip from Qualcomm. The company said it is the world’s first 5G AI-enabled processor integrated into a 5G Modem-RF system. Vice President Hou Mingjuan said the processor supports every commercial 5G band from the base 600 MHz up to 41 GHz. Justin Zhao, Deputy General Manager of Microsoft China, said the company’s Azure Digital Twins is a first-party digital twin service. A digital twin is a virtual model that accurately reflects a physical object. The Azure product also provides open platform services that can be integrated with various digital platforms to offer cross-industry and end-to-end digital twin solutions. The 5G Time-Critical Communication Enabled Remote Control system, jointly developed by Ericsson, China Mobile and Tencent Cloud, provides a bounded latency guarantee mechanism for delay-sensitive applications, said Fang Ying, President of Ericsson China.

The achievements were selected from a pool of 257 projects through voting by a team of experts from China and abroad. The 15 best scientific and technological achievements are from China Unicom, China Telecom, Peng Cheng Laboratory, Qualcomm, Ericsson, Huawei, Kaspersky, Alibaba Cloud, Microsoft, the Chinese Academy of Sciences (CAS), Loongson Technology, Ant Group, Tsinghua University, Peking University and Zhejiang University, the China Daily reports.

MIIT wants sixfold growth in VR industry in five years

The Chinese government wants to expand the country’s virtual reality (VR) industry output by 2026 to CNY350 billion – six times the level last year – showing

the country’s ambitions to become a world leader in metaverse technology. The Ministry of Industry and Information Technology (MIIT) and four other agencies have published a guideline, setting the national sales target for VR devices at 25 million units by 2026, significantly higher than last year’s shipments of 3.7 million units. VR, one of the seven “key industries of the digital economy” designated by Beijing last year, will help China become a “powerhouse in manufacturing, cyberspace, culture and the digital economy”, the document said.

By 2026, China will have 100 “backbone enterprises” with a strong ability to innovate and create impact, along with 20 use cases with special characteristics, the guideline said. VR technology will be used in video gaming, short videos, fitness, education and other areas, it said. Despite the country’s grand ambitions, its VR industry still lags behind foreign peers in content production and operating systems, according to Zhao Siqian, Senior Analyst at market research firm IDC. “At present, the domestic VR industry still focuses on hardware manufacturing as a core competence, and the vast majority of enterprises are small in scale”, Zhao said. “Key technologies like operating systems, development tools and system-on-a-chip are missing. There is still a significant gap with leading manufacturers overseas.”

The Chinese government has been throwing its weight behind VR technology since 2018, when the MIIT said it would accelerate the development of an industry that would “leverage an emerging market worth trillions of yuan”. President Xi Jinping, in his letter to the 2018 World Conference on VR Industry in Nanchang, Jiangxi province, said, “China is willing to cooperate with other countries to make VR beneficial to everyone”. China’s largest VR company at present is Pico. Bought by TikTok owner ByteDance last year, it held a 4.5% share in the global VR market, a fraction of Facebook owner Meta Platforms’ 90%, according to a report in June by IDC. Meta acquired California-based Oculus VR in 2014. The IDC report identified 2023 as a crucial year for the VR industry, with Meta, Pico and Sony expected to launch next-generation headsets alongside a mixed-reality headset from Apple, the South China Morning Post reports.

High-quality and innovative products in demand on Singles Day

Chinese consumers have shown increasing demand for high-quality and intelligent products containing innovative technologies during this year’s Singles Day shopping festival. Data from Tmall, Alibaba’s business-to-customer platform, showed 25,343 brands saw sales surpass CNY1 million from 8 pm on October 31 to midnight on November 11. The turnover of more than 2,000 brands exceeded CNY10 million during this period. Smart toys, pet supplies, sporting goods and jewelry witnessed explosive growth. Sales of intelligent kitchen appliances, virtual reality equipment and smart watches sky-rocketed 270%, 140% and 122% on a yearly basis, respectively, according to Tmall.

JD, another major e-commerce player, said sales of Apple iPhones surpassed CNY1 billion in just one minute of the

final promotion that kicked off at 8 pm on October 31, while the transaction volume of mobile phones from Xiaomi, Huawei, Honor and Oppo surged 200% year-on-year in the first 10 minutes of the promotion. In addition, turnover of 87 international cosmetics brands jumped 200% year-on-year during the brief period.

“Consumption plays a fundamental role in China’s economic development and is the main driving force boosting economic growth,” said Wang Yun, Researcher at the Academy of Macroeconomic Research. Wang said the Singles Day online shopping festival serves as a pivotal event in unleashing consumers’ purchasing potential and bolstering a spending recovery. The consumption upgrade trend has not changed despite Covid-19 flare-ups, she said, adding that consumers are inclined to choose high-quality products and pursue exquisite lifestyles. Jason Yu, Managing Director of market research firm Kantar Worldpanel Greater China, said, “Chinese consumers have become more rational, and are carefully reviewing their needs and paying more attention to the quality of the things they buy during this year’s shopping festival.” Yu said Chinese online retailers should take a longer-term perspective and regard 11-11 as an important part of their marketing strategies throughout the year. They also need to launch new products to attract new consumers, especially younger shoppers as well as seniors. According to the National Bureau of Statistics (NBS), in the January-September period, total retail sales of consumer goods reached CNY32.03 trillion, up 0.7% year-on-year. Online retail sales rose 4% year-on-year to CNY9.59 trillion in the first nine months, the China Daily reports.

BMW invests CNY10 billion to expand battery production

German automaker BMW announced an investment of CNY10 billion to expand its battery production in China. This is another major investment from BMW to accelerate the shift to electric vehicles following the opening of the Lydia plant in Shenyang, Liaoning province, this June. “This agreement’s signing is the latest demonstration of both our confidence in the Chinese market and our commitment to promoting cooperation between China and Germany,” said Jochen Goller, President and CEO of BMW Group Region China. This new extension project is located in the Sino-German (Shenyang) High-end Equipment Manufacturing Industrial Park in the Shenyang Economic and Technological Development Zone.

Once expanded, the high-voltage battery center will become the third global power battery center of the BMW Group. In 2017, BMW established the center, including battery research and development, production and testing.

In June, BMW invested CNY15 billion in its new Plant Lydia in Shenyang, mainly designed to produce the all-electric BMW i3, a mid-sized sports sedan. The Lydia plant will boost the annual output of BMW in China to 800,000 vehicles from 700,000 in 2021. Since 2010, BMW has invested more than CNY83 billion in Shenyang to build a production system integrating research and development (R&D), procurement, and powertrain and vehicle production, making Shenyang the world’s largest

production base for BMW Group. Since the establishment of the BMW Brilliance joint venture in 2002, China sales increased to about one-third of the company’s global sales in 2021.

According to data from the China Association of Automobile Manufacturers (CAAM), China’s new energy vehicle (NEV) sales amounted to 3.521 million units in 2021, accounting for 53% of the global market share. In 2021, BMW’s NEV sales in China reached 48,000 vehicles, with a 69.6% year-on-year increase. By the end of 2025, BMW plans to deliver 2 million all-electric vehicles worldwide, and by 2030, electric car production is expected to make up 50% of its global market. Experts said China has gained competitive advantages in the middle and upper segments of the new energy vehicle industry chain, especially when it comes to battery manufacturing, battery parts and battery metal processing, the China Daily reports.

As foreign companies localize in China, Chinese ones do the same abroad

While globalization has made the world flatter, **localization is the key to capitalizing on it, according to executives of Chinese companies in the United States, who gathered in Houston to discuss localization strategies** at a seminar organized by the China General Chamber of Commerce (CGCC). “According to our statistics, as of March this year, our Chinese-member companies have accumulatively invested over USD170 billion in the States, directly employ over 200,000 employees and indirectly support more than 1 million U.S. jobs,” said Hu Wei, Chairman of the CGCC and President and Chief Executive of Bank of China USA. “That’s a huge contribution from our investors to the U.S. community.” Hu said that as Chinese companies understand how to better tap into the local market, the optimization of localization strategies are important to compete globally, including localizing products, services and content.

Guan Linhua, CEO of Surge Energy, talked about how the company survived the pandemic and oil-price fluctuations by localizing its business. “When oil prices dropped to below USD40 a barrel, more than 200 companies filed for bankruptcy. We survived the downturn and even took advantage of the situation and made two acquisitions in 2021,” he said. Surge Energy is a wholly privately owned Chinese company based in Houston. Guan credited part of the company’s success to localization of projects, one being water conservation in very dry West Texas, which reduced CO2 emissions and made the roads in West Texas safer. By this year, Surge had sold USD7 billion in oil and gas and contributed USD2 billion in taxes as a Chinese operation in Houston.

Fuyao Glass America is another success story achieved through localization of the supply chain and employees, according to Vice President, Amy Lei. As the world’s largest auto-glass supplier, Fuyao got close to its customers in the U.S. – including Ford, BMW and Tesla – when it opened its Ohio factory. To make auto glass, “Fuyao needed a lot of raw glass. For the Ohio factory alone, we need 10 million pieces of raw glass each year”, Lei said. Unable to find a supplier of high-quality raw glass

in such a large quantity, Fuyao decided to invest in raw materials and opened a factory in Illinois. “We localized and vertically integrated our supply chain. This gives customers a lot of certainty to know we have a reliable

supply chain within our own system, and we can always deliver products on time,” Lei said, as reported by the China Daily.

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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

W www.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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