China Business Weekly

22 November 2022

法兰德斯中国商会 FCCC VCKK
FLANDERS-CHINA CHAMBER OF COMMERCE
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

FCCC/EUCBA ACTIVITIES

Hybrid event: Opportunities for Smart Manufacturing Partnerships Between China and the EU – 29 November – 10 am CET – Brussels

TusPark Belgium and the Flanders-China Chamber of Commerce are organizing a hybrid event (In-person & Online) on the business-essential areas of automation and digital manufacturing. The event will take place on **November 29, 2022, at 10:00 am CET** at the **TusPark Brussels Innovation Center** (**Boulevard Louis Schmidt 29, 1040 Etterbeek, Brussels**). This activity will be invaluable for all companies thinking about how best to harness the power of smart manufacturing in their business operations.

Over the past three decades, the rise of China's manufacturing capability has been phenomenal. Chinese manufacturers are world-leading in many industries. This transformation has been brought about by a combination of leading research and development and competitive labour. However, we are at a transition where digitization will increasingly determine the strength of manufacturing worldwide. Among several benefits, intelligent manufacturing has generated huge benefits in quality, safety, efficiency and environmental protection.

This event aims to: encourage those attending to exchange information, build networks and partnerships, and explore the potential for trade and investment opportunities. The future of business lies in automation and digitization, which require businesses to forge links to reap the full benefits of smart manufacturing.

This seminar will be of great value to those needing to know more about how digitization is transforming manufacturing, from both the Chinese and European perspectives. You will hear from industry experts and learn how they have incorporated digitization into their business operations. There will be presentations by start-ups and SMEs, who are driving smart manufacturing. The seminar will also highlight the most important lessons that we have learned and how to avoid making mistakes in future.

Six specially selected companies will showcase their technologies, products and services, as well as discussing industry trends and how best to explore partnerships.

If you are interested to introduce the activities of your company during this event, please send an e-mail to: info@flanders-china.be

The programme is as follows:

Part One - Industry Expert Remarks

10h00-10h10: Opening remarks by Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, and

10:10-10:20: Keynote Speech by Mr. Xu Ting, Vice-President, TUS Holding Group, Chairman, Zhenjiang TUS Technology and Innovation Group (Online)

10:20-10:30: Keynote speech "Experiences of Volvo Cars in Smart Manufacturing" by Mr. Luc Semeese, Vice-President Manufacturing Engineering, VOLVO CARS (Online)

Part Two – Representative Companies Presentations

10:30-10:40: Zheng Zhou KeHui Technology: Ms. Chen Zhihong, Chairman and General Manager (Online)

10:40-10:50: Autowise: Mr. William Liu, Director of Business Development (Online)

10:50-11:00: Zerotech (TUSUAV, Yuandu): Mr. Liu Yiqi, Finance Director (Online)

10:45-11:00: Presentations by three Chinese Companies

11:00-11:30: Capricorn Partners: Mr. Steven Levecke; Presentations by European Companies

11:30-11:40: Q&A session

Part Three - Networking & Lunch

Simultaneous interpretation services will be provided during the event.

Practical information:

Date: 29.11.2022

Location: Boulevard Louis Schmidt 29, 1040 Etterbeek, Brussels

Price members: Free

Price non members: Free

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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

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

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Webinar: Belgian Customs and its activities in China – 15 December 2022 – 10 am

The Flanders-China Chamber of Commerce (FCCC) has the pleasure to invite you to a webinar focused on **'Belgian Customs and its activities in China'**, which will take place online on **December 15** at **10 am CET**.

This event is free for Members and non-Members of the FCCC.

The programme is as follows:

10h00 - 10h05: Introduction, Ms. **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

10h05 - 10h20: Procedures and regulations of the Chinese customs and other institutions related to import or export, Ms. **Isabelle Bedoyan**

10h20 - 10h35: Introduction of the Federal Agency for the Safety of the Food Chain (FASFC), Mr. **Leslie Lambregts**

10h35 – 10h50: Support given by FASFC to local companies when exporting to China, Ms. **Annabelle Schreiber**

10h50 - 11h00: Q&A Session

Practical information:

Date: 15.12.2022

Location: Online

Price members: Free

Price non members: Free

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Exclusive luncheon with His Excellency Mr Valdis Dombrovskis, Executive Vice-President and European Commissioner for Trade
19 December 2022 – 12h00 – 'De Warande', Brussels

The EU-China Business Association has the pleasure to invite you to an exclusive luncheon with Mr. **Valdis Dombrovskis**, Executive Vice-President and European Commissioner for Trade at the European Commission. The EU Commissioner will deliver an address on EU-China trade and investment relations.

This exclusive event is a unique opportunity to meet the European Commissioner for Trade and raise subjects you would like to discuss.

This luncheon will take place on Monday, **19 December 2022**, at **12h00** at **'De Warande', Zinnerstraat 1, 1000 Brussels**.

There are limited spaces for this luncheon. If you are interested in participating, please register via the button below before 5 December. The luncheon is certain to be well attended, so we strongly recommend you book now to guarantee your place.

The programme is as follows:

12h00 – 12h30: Registration & Networking Cocktails

12h30 – 12h35: Introduction by **Mr. Jochum Haakma**, Chairman, EU-China Business Association

12h35 – 12h50: Speech on EU-China trade relations by H.E. Mr. **Valdis Dombrovskis**, European Commissioner for Trade

12h50 – 13h00: Q&A Session

14h00: End of luncheon

The nearest parking options:

Place des Palais - Paleizenplein

Rue Ducale - Hertogstraat

Parking Loi-Wet which is at walking distance and usually the best option.

Deadline for subscription: 5 December 2022

Practical information:

Date: 19.12.2022

Location: 'De Warande', Zinnerstraat 1, 1000 Brussels

Price members: €225 excl. 21% VAT (€47.25)

Price non members: €225 excl. 21% VAT (€47.25)

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ACTIVITIES SUPPORTED BY FCCC

Events organized by the EU SME Centre: working group meeting and two webinars 24 and 28 November; 1 December

On **24 November**, the EU SME Centre is co-organizing with the European Union Chamber of Commerce in China an **online Working Group meeting** open to all consortium partners and their member SMEs: **Riding the Digitalisation Wave – Trends and Best Practices**. Registrations are open until Wednesday 23 November COB (18:00 Beijing Time, 11:00 AM Brussels Time) by email to Ms Yuxuan Jia at intern011@europeanchamber

You will find the detailed information about the event on the website https://eusmecentre

On **28 November**, the Centre is organizing with the China-Italy Chamber of Commerce a **webinar** on **China's Industrial Design Market – Trends and Opportunities for European SMEs**. This event is open to all SMEs from Member States and countries participating in the Single Market Programme. You will find all the details on this event here https://eusmecentre.org

And of course, the EU SME Centre co-organizing together on **1 December** the webinar **Get to Know Your Partner in China**, which we are currently promoting on all our channels.

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

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HEALTH

Number of Covid-19 cases continues to rise in Beijing; still high in Guangzhou, but declining

Beijing's Chaoyang district, where the central business district (CBD), the embassy area and the entertainment hot spot Sanlitun are located, **is facing an unprecedented Covid-19 outbreak.** Both the number of cases detected in the community and those already in quarantine continues to rise, as well as the number of affected areas. Residents of the worst affected district Chaoyang were advised to work from home on November 21. The three deaths from Covid since May were also reported in Beijing. **As of 7 am on November 20, there were 608 Covid-patients undergoing treatment at Ditan Hospital, including 325 high-risk patients.**

The local authorities have advised residents not to leave the district in the past three days unless absolutely necessary. They also announced the opening of 1,854 nucleic acid test points, requiring neighborhood communities to open these sites as early as 6:30 am and keep them open until the last person in line is tested. Some test points have been relocated within housing compounds to speed up detection of cases. Many public places and office buildings in the district require a negative test within the past 24 hours for entry. Most restaurants have been closed with some remaining open only for take-out dishes. In Haidian district, Peking University locked down the entire campus after finding one Covid-19 case. Faculty, staff and students were not allowed to leave the grounds and classes were moved online.

The Beijing municipal government said it would investigate the cases of people who have been stranded outside Beijing for extended periods after visiting high risk areas outside Beijing and help lift restrictions on their Beijing Health Kit and ticket purchases.

Another hot spot is the southern city of Guangzhou. Most cases were reported in the city's Haizhu district, which is home to China's largest fabric market and a center for textile production. Migrant workers even staged a rare protest against the city's Covid measures, breaking through lockdown barriers, breaching checkpoints and marching on the streets. More makeshift hospitals are being built in Guangzhou to boost treatment capacity. Guangzhou plans to build makeshift hospitals with a total of 246,407 beds, said Wang Bosen, Spokesperson for the Guangzhou Municipal Government, and has already made 67,399 beds available so far. The city has reported more than 46,000 Covid-cases since the beginning of November. There are more than 6,006 cases in hospitals. In the past few days, the numbers of newly-infected has gone down. On November 21 Guangzhou locked down Baiyun district for five days.

Shijiazhuang, capital of Hebei province, on the other hand closed all free test stations and scrapped checking of test results in subways, buses and some public places, sparking speculation that it was testing a "full relaxation" policy. Several cities, including Shanghai,

Sanya, Dalian and Luoyang, have also canceled frequent tests and in some cities residents do not need to show test results when entering public places. The People's Daily however reiterated the country was sticking to the zero-Covid policy. The new measures are refinements of the existing Covid prevention playbook, and they are more scientific and precise, the newspaper explained.

The central government criticized some cities, including Zhengzhou, **for misusing lockdown measures** to manage the spread of Covid-19, saying excessive measures had not only amplified the impact of Covid-19 prevention measures on people's daily lives, but has also shaken the public's determination to stick to the dynamic zero-Covid policy.

Several provinces in China announced that they had optimized their anti-Covid measures. **Shanghai has decreased the frequency of nucleic acid testing** for local primary and middle school students to three times every week from five times a week. Task forces dedicated to resolving issues related to local governments ratcheting up virus-containment measures or applying rigid steps have been set up across the country.

Meanwhile restrictions on travel between provinces have been relaxed. Travelers who tested negative within 48 hours of departure can take all means of transportation between provinces, said a Ministry of Culture and Tourism notice. However, travel agencies and online travel platforms are still prohibited from booking flights and hotels for international tour groups. Travel agency Qunar said train ticket reservations doubled the day after the new policy was announced.

China's coronavirus test providers have reported a surge in unpaid fees as cash-strapped local governments struggle to fund the mass testing program. Public records show accounts receivable at the country's 11 main PCR testing companies soared nearly 90% year-on-year to hit CNY38 billion in September. The payment delays raise questions about the financial sustainability of the zero-Covid policy, the Financial Times reported.

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

LOGISTICS

China adds over 100 new container routes this year; foreign trade expected to grow by 6%

China's major sea ports are opening up more than 100 new container shipping routes this year, providing solid support for the stability of supply chains as well as bolstering China's foreign trade. **The country's imports and exports may grow 6% in 2022** and are expected to hit a record high next year. Recently, a cargo vessel carrying 1,000 standard containers that departed from the port of Panjang, Indonesia, docked at Dalian's port in Liaoning province, marking the opening of the fourth route between Dalian and Regional Comprehensive Economic Partnership (RCEP) countries. With an annual shipping volume of above 500,000 tons, the shipping link will help boost exports of chemical and machinery products in Northeast China and imports of minerals and tropical fruits. In addition, Shandong added a new Middle East container route under the Belt and Road Initiative, according to the local government.

Major coastal Chinese ports have added more than 100 container routes this year, reflecting Chinese exporters' confidence in the long-term growth of the country's foreign trade. Despite the recent volatility of the U.S. dollar, soaring global commodity prices and sporadic Covid-19 resurgences, **China's exports maintained double-digit growth of 13% to reach CNY19.71 trillion between January and October.** Among countries that have released foreign trade data for the first nine months, the contribution of China to the global trade ranks first, said Liang Ming, Director of the Chinese Academy of International Trade and Economic Cooperation's Institute of International Trade. Since October, some Chinese trade companies have actively gone overseas, seeking more orders. For instance, Guangdong province has organized several groups of local companies to take part in exhibitions in countries including Indonesia, Malaysia and Singapore to pursue more orders.

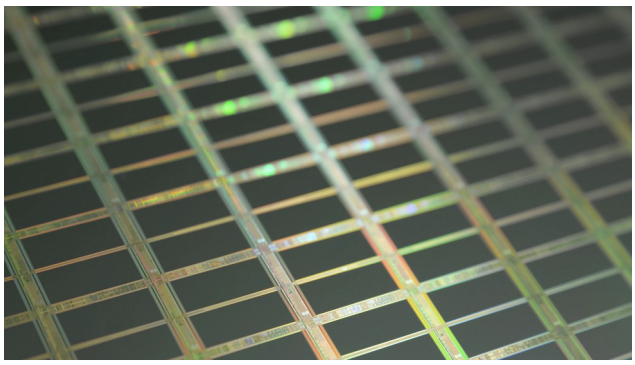
According to a survey conducted by the China Council for the Promotion of International Trade (CCPIT) in September, some 30.31% of the firms surveyed during the third quarter said they expected to achieve year-on-year positive growth in trade volume, up 4.09 percentage points from the second quarter. Liang **forecast that China's total trade will grow by around 6% year-on-year to reach USD6.4 trillion in 2022**, while exports alone may grow by about 8% year-on-year. He asked for the implementation of policies to promote foreign trade, such as improving the white list mechanism, summarizing experience for enhancing customs service management, and organizing business charter flights to help ensure production and delivery.

In the coming months, the authorities should step up efforts

to help trade companies stabilize their orders and open up new markets, with flexible measures including organizing online and on-site exhibitions and encouraging them to seek more business opportunities overseas, according to Liang, as reported by the Global Times.

IT & TELECOM

Sales of China's IC industry up 16.1% in first half; international cooperation needed



Greater international cooperation is needed to help the global semiconductor industry better deal with headwinds like slumping demand and trade uncertainties, officials and experts said, after reviewing first-half sales data. **Sales of China's integrated circuits industry reached CNY476.35 billion in the first half of this year, up 16.1% year-on-year despite challenges at home and abroad**, the China Semiconductor Industry Association (CSIA) said. Wang Jiangping, Vice Minister of the Ministry of Industry and Information Technology (MIIT), said the government will strengthen international cooperation on ICs in key applications like cloud computing, big data, the industrial internet, artificial intelligence (AI) and the internet of vehicles.

"The Ministry will strengthen the protection of intellectual property rights, and create a fair, transparent and non-discriminatory environment for domestic and foreign enterprises," Wang said at the opening ceremony of the **2022 World Conference on Integrated Circuits in Hefei**, Anhui province. Zhang Li, Vice President CSIA, said the global chip industry entered a downward cycle this year, but China's IC industry has maintained sound growth momentum. "China is a hot spot for the development of global IC enterprises," Zhang said.

Cristiano Amon, CEO of U.S. chip company Qualcomm, and rotating Chairman of the Semiconductor Industry Association (SIA), a Washington-based industry group, also known as the SIA, said the CSIA and the SIA will continue cooperation to promote the development of the global chip industry and jointly deal with challenges and opportunities. Global chip shortages in the past two years are suddenly turning into a situation of oversupply of semi-conductors for smartphones and personal computers. Such a reversal has been partly blamed on weak consumer demand for certain electronics amid the global economic downturn.

The U.S. government's well-calculated restrictions or controls imposed on the export of advanced semiconductor technology to Chinese tech companies are further disrupting global supply chains, experts said. Zhu Yiming, Chairman and CEO of ChangXin Memory Technologies (CXMT), a major Chinese chipmaker, said despite all the ups and downs, cooperation is key to win-win outcomes. "The IC industry needs a gigantic market, and no single country can afford alone the heavy investment needed to buoy the sector, whether from the perspective of supply chains or market demand," Zhu said.

CXMT is one of more than 400 upstream and downstream chip companies in Anhui, as the province prioritizes the new-generation information technology as the No 1 of its 10 strategic emerging industries, said Anhui Governor Wang Qingxian at the conference. Among them, more than 360 firms are based in Hefei, whose combined annual revenues are expected to surpass CNY50 billion this year, a video played at the event stated. The provincial government has created a team of officials specifically for each of the strategic emerging industries. The Governor himself is the "chain head" of the new-generation IT sector, which means he leads a group of officials to serve the sector's development. Hefei-based Nexchip Semiconductors was the ninth-largest global contract chipmaker in terms of revenue in the January-March quarter, according to TrendForce, a market research and intelligence provider, the China Daily reports.

The United States shouldn't expect the Netherlands to unquestionably adopt its approach to China export restrictions. "The Netherlands will not copy the American measures one-to-one," **Dutch Foreign Trade Minister Liesje Schreinemacher** said in an interview. "We make our own assessment – and we do this in consultation with partner countries such as Japan and the U.S.", she said. The Biden Administration is pushing for a multilateral agreement to impose restrictions on China, aiming to keep advanced chip technologies away from the country. Schreinemacher's statement highlighted the significant challenges the U.S. is facing in persuading allies to join its campaign. The Netherlands and Japan see China as a major market that they would like to maintain access to. The Netherlands are key to the struggle because the country's ASML Holding is one of a handful of companies that dominate the market for semiconductor-manufacturing equipment. ASML is already restricted from selling China its extreme ultraviolet lithography machines, which are needed to make the most cutting-edge chips, but the Dutch company is still allowed to offer less sophisticated products to Chinese customers, the South China Morning Post reports.

CHINA NEWS ROUND-UP

Chinese exports to the U.S. decline by 12.6% in October

Shipments of most major Chinese consumer products to the United States fell in October, hit by dwindling demand, coronavirus disruptions to manufacturing and trade bans. Despite the upcoming holiday shopping season, Chinese exports to the U.S. were **down by 12.6% year-on-year** to USD47 billion in October, compounding the 11.6% fall in September, according to Chinese customs data. Top Chinese exports to the U.S. – such as mobile phones, clothing, toys and furniture – all declined last month, as the pandemic-triggered consumer goods boom turned into a bust under pressure from price and interest rate rises. Exports of toys, games and sporting products fell 36% to USD2.56 billion, while furniture and bedding dropped 23% to USD2.73 billion.

The impact of a sweeping U.S. ban on all goods from Xinjiang was felt in apparel, with China exporting USD2.28 billion in clothing to the U.S. in October, 35% less than last year. Xinjiang produces around 90% of China's cotton, but exports of apparel made with the material are subject to scrutiny under the U.S.' Uyghur Forced Labor Prevention Act that took effect in June. According to a survey of 34 leading U.S. fashion companies, 86% of respondents said they would reduce their cotton apparel sourcing from China due to concerns about the new law. The survey was conducted from April to June by Sheng Lu, Associate Professor of fashion and apparel studies at the University of Delaware, in collaboration with the United States Fashion Industry Association. Still, Xinjiang's exports to the U.S. amounted to USD24 million in October, with electrical components such as switches taking over from traditional mainstays such as clothing and Christmas decorations.

October exports of smartphones, one of the most valuable products in China's exports to the U.S., also fell month-on-month despite the release of Apple's new iPhone 14 series in mid-September. According to the customs data, **China shipped 11.07 million smartphones to the U.S. in October, almost 580,000 fewer than September.** A coronavirus outbreak and lockdowns at the world's biggest iPhone factory in Zhengzhou, Henan province, triggered an exodus of workers and disrupted production last month. Apple has also warned of lower iPhone shipments for the year-end holiday season, the South China Morning Post reports.

Actually used FDI up 17.4% in first 10 months

China's actually used foreign investment totaled USD168.34 billion in the first 10 months, an increase of 17.4% year-on-year, MOFCOM Spokesperson Shu Jueting told a regular press conference. A breakdown of the FDI numbers revealed that South Korea's actual investment in China soared 106.2%. The amount of FDI from Germany rose by 95.8%, that from the UK went up 40.1% and that from Japan was 36.8% higher. Eastern China recorded a 12.4% increase in the actual use of FDI, with 33.6% for central China and 26.9% for western China. The figures for the first 10 months speak volumes about the resilience and continued attractiveness of the Chinese market for overseas capital, Cao Heping, Economist at Peking University, told the Global Times.

Behind the numbers is China's position as the only country in the world with all the industrial categories listed in the UN industrial classification. Together with its favorable business environment, sound infrastructure, stable political, economic and social environment, this makes the Chinese market an eagerly pursued destination for foreign investment. According to Cao, the internet-based shared economy, underpinned by China's digital technologies, has gained steam over the past few years, resulting in an economic transition and a shift in capital investment toward high-tech areas.The rebalancing toward tech-driven growth ratchets up the country's long-term allure for foreign capital investment, he said, as reported by the Global Times.

Last month, the National Development and Reform Commission expanded the list of sectors open to foreign investment to 519, up from 480.

"Air Silk Road" between Zhengzhou and Luxembourg grows rapidly

The rapid growth of the "Air Silk Road" between Zhengzhou, Henan province, and Luxembourg will further bolster trade in goods between China and Europe and upgrade the cooperative content of the Belt and Road Initiative (BRI), said senior government officials. China began to support building a bi-directional Silk Road via air between Zhengzhou and Luxembourg in 2017. The Air Silk Road now covers more than 200 cities in 24 European countries and 90 cities across China, according to the National Development and Reform Commission (NDRC). The Air Silk Road has expanded from air freight logistics to cross-border e-commerce in recent years. China and Luxembourg should develop multimodal transport services to better meet the needs of various countries for both industrial and consumer goods in the

future, said He Lifeng, Chairman of the NDRC. He delivered a speech via video link at the main forum of the Zhengzhou-Luxembourg Air Silk Road Forum for International Cooperation, held in Zhengzhou.

Luxembourg's Prime Minister Xavier Bettel said that the Air Silk Road between the two countries is not an empty slogan, but instead **is one of the most visible and tangible pillars of bilateral cooperation**. "We stand ready in the framework of the Air Silk Road to contribute to the development of Chinese trade and services, boosting high-quality growth and innovations," Bettel said via video link. In contrast to the land and maritime silk roads, the Air Silk Road is able to overcome infrastructural problems associated with overland transport, as well as the geographical limitations of maritime transport.

The air road's operators – Henan Aviation Development and Investment Group and Luxembourg-based Cargolux Airlines International – have set up a dual hub strategy to develop a European logistics hub at Luxembourg Airport and a Chinese logistics hub in Zhengzhou. Cargo transported via the Air Silk Road has expanded from traditional light industry items to more than 200 kinds of goods, such as German precision instruments, French ponies, Dutch fresh-cut flowers and Danish seafood.

Richard Forson, President and CEO of Cargolux, said that with this partnership, the group to date has operated more than 11,000 flights into and out of Zhengzhou Xinzheng International Airport, and transported close to 1 million metric tons of cargo. The growth of the Air Silk Road will effectively enhance regional connectivity and boost economic and trade cooperation with other countries and regions, as well as advance the high-quality development of the BRI, said Zhang Dawei, Vice Chairman of the China Center for International Economic Exchanges, as reported by the China Daily.

UK orders sale of microchip factory by China's Nexperia

The British government has ordered Chinese-owned technology company Nexperia to sell at least 86% of Britain's biggest microchip factory, Newport Wafer Fab, following a national security assessment. The review of Nexperia's 2021 purchase of Newport Wafer Fab, now known as Nexperia Newport, was announced earlier this year after legislation came into force in January allowing the government to scrutinize and potentially block acquisitions and investments in sensitive sectors. It can be applied retrospectively to deals completed since November 2020. "We welcome foreign trade and investment that supports growth and jobs, but where we identify a risk to national security we will act decisively," Business Minister Grant Shapps said on Twitter.

The government said there was a national security risk related to technology and know-how, which could result from compound semiconductor activities at the site, and the potential for those activities to undermine British capabilities. The location of the site could also facilitate access to technological expertise in the South Wales area and prevent that area being engaged in future projects relevant to national security, the order said. Nexperia, which is headquartered in the Netherlands, said it did not accept the national security concerns raised and that two previous security reviews had found no national security concerns that would give reason to block the acquisition. "We are genuinely shocked. The decision is wrong, and we will appeal to overturn this divestment order," Nexperia's UK Country Manager, Toni Versluijs, said in a statement.

The government said Nexperia took its shareholding in Newport Wafer fab to 100% in July 2021 when it gained an additional 86% of the company's share capital, the South China Morning Post reports.

Economic recovery expected to continue in Q4

China's economy is expected to regain steam in the fourth quarter with the government's effective measures to coordinate Covid control and economic development along with stimulus policy measures gradually taking effect, economists and analysts said. They said the recovery trend in industrial production will likely continue for the remainder of the year, and expect to see a gradual improvement in key economic indicators, including investment and consumption. Their comments came after key economic data released by the National Bureau of Statistics (NBS) showed China's economy has maintained a recovery trend in October, with steady growth in industrial production and investment, while consumption was still weak amid pressure from renewed Covid-19 outbreaks.

The NBS said **China's value-added industrial output grew 5% in October** from a year earlier after a 6.3% rise in September. Fixed-asset investment (FAI) increased 5.8% in the January-October period, compared with a 5.9% rise in the first three quarters. NBS Spokesman Fu Linghui said that China's economy has sustained recovery momentum despite facing pressure from the increasingly complex and challenging global environment and frequent Covid-19 outbreaks at home. Fu said China's steady economic performance in 2022 has showcased the strong resilience of the economy, and growth will continue to recover in the future, supported by improved domestic demand.

Lou Feipeng, Senior Economist at Postal Savings Bank of China, said new growth drivers have played a key role in boosting steady economic growth in October. The NBS said value-added industrial output from high-tech manufacturing grew 10.6% year-on-year in October, 1.3 percentage points higher compared to the previous month. Investment in high-tech industries jumped 20.5% in the first 10 months.

Zhou Maohua, Analyst at China Everbright Bank, attributed the steady growth in industrial production to continued recovery in domestic demand, a series of stimulus policies taking effect and resilience in foreign trade. Zhou said the drop in retail sales is mainly due to renewed Covid-19 outbreaks, saying consumption will likely improve amid more precise Covid-19 containment and intensified efforts to expand domestic demand and stabilize growth. The NBS said **China's retail sales declined by 0.5% year-on-year in October**, after the 2.5% year-on-year growth in September, the China Daily reports.

China simplifying handling of foreign-related civil and commercial court cases

China is adjusting its jurisdiction over foreign-related civil and commercial cases to offer litigants greater convenience. The Supreme People's Court (SPC) issued a guideline stating that district-level courts are responsible for handling civil and commercial disputes involving foreign litigants, while intermediate-level courts will hear foreign-related cases involving large amounts of money, complicated circumstances, multiple litigants or social repercussions. The guideline will come into effect on January 1. It stipulated that the definition of "large" depends on location. For example, intermediate courts in Beijing, Tianjin, Shanghai and Chongqing as well as the provinces of Jiangsu, Zhejiang, Fujian, Shandong and Guangdong, will deal with cases involving CNY40 million or more, while courts at the same level in other areas will handle disputes involving CNY20 million or more. Cases involving CNY5 billion or more, or with significant social repercussions, will be heard at high-level courts, it said.

Maritime and intellectual property cases involving foreign litigants will not be subject to the guideline, nor will public-interest lawsuits related to the environment or ecological damage compensation. Currently, foreign-related disputes are generally heard at a few designated intermediate-level courts with stronger judicial capability, but as "the number of judges able to deal with these cases in courts at district and intermediate levels is rising, it's okay to expand jurisdiction to better serve opening-up", the SPC's No 4 Civil Division explained in a statement. The change was also made in response to the rapid growth of the number of foreign-related civil and commercial cases in the last few years due to the promotion of the Belt and Road Initiative (BRI) and the building of the Hainan Free Trade Zone.

Data from the SPC last month showed that courts concluded 295,000 foreign-related civil, commercial and maritime cases between January 2013 and June, issuing 31 judicial interpretations and nine normative documents. To more efficiently handle BRI-related disputes and advance opening-up, the SPC opened its first international commercial court in Shenzhen, Guangdong province, and a second in Xian, Shaanxi province, in June 2018, the China Daily reports.

China taking the lead in 6G telecom technology

China is tapping the world's researchers and scholars to help advance technologies that could prove critical to the development of 6G, the next frontier in wireless technology, officials and experts said. While there is still no universally accepted definition of 6G, the technology is expected to have far lower latency, higher speeds and more bandwidth than 5G. 6G could support the integration of space, air, territorial and maritime communication technologies, and is expected to be in commercial use around 2030, specialists said at **the 2022 Global 6G Conference in Shanghai**. Zhang Yunming, Vice Minister of the Ministry of Industry and Information Technology (MIIT), said 6G will bring more advanced experience than 5G, and more originality and innovation are needed as the base for in-depth research on the wireless technology.

More efforts are also needed to research new theories, propose new algorithms, form 6G technical solutions and continuously optimize technical performance through experimental verification, laying the foundation for 6G industrialization, Zhang said. **The IMT-2030 (6G) Promotion Group, the flagship platform in China that promotes 6G R&D** and international cooperation, started collecting information on potential crucial technologies for 6G development from researchers and scholars around the world. Yi Zhiling, Chief Scientist of the China Mobile Research Institute, said the next three to five years will provide a window on crucial 6G technologies and lay a solid foundation for the industry.

In the past, Chinese companies had worked with international organizations to establish standards for 3G, 4G and 5G technologies. They should increase their partnerships and cooperation with their foreign counterparts "to promote the formation of globally unified 6G standards", Yi said. China Mobile, a major telecom company in China, unveiled its overall architecture design for 6G in June as it is stepping up its research and development (R&D) of the next-generation wireless technology. The white paper on China Mobile 6G network architecture is the first such systematic architecture design in the telecom industry, the company said.

China had more than 2.2 million 5G base stations nationwide by the end of September, accounting for more than 60% of 5G base stations worldwide, the China Daily reports.

U.S. report recommends suspending normal trade relations with China if WTO market access agreement is violated

The U.S. Congress should suspend normal trade relations with China if it determines that Beijing has not complied with the World Trade Organization (WTO) market access agreement it signed decades ago, the U.S.-China Economic and Security Review Commission said in its 785-page annual report. It includes 39 recommendations and covers nearly every aspect of the bilateral relationship. It also called on U.S. lawmakers to study the feasibility of blockading Chinese energy imports in the event of a military conflict involving Beijing, particularly those transiting the Strait of Malacca.

Tensions between Washington and Beijing have increased to their highest level in years, and the report reflects the enormous distrust in Washington towards Beijing on essentially every aspect of the relationship – from trade policy to human rights to the Taiwan question. The report was published just one day after U.S. President Joe Biden and Chinese President Xi Jinping met face-to-face for the first time since Biden took office in early 2021. The two leaders committed to working together on climate change and agreeing to communicate more, but differences remain on almost all other issues. "We're not going to be able to work everything out," Biden said after the three-hour meeting. "I'm not suggesting this is kumbaya."

Biden faces intense pressure from members of both

parties in Congress to maintain a hard line against Beijing. Among the issues Biden raised with Xi was China's "non-market economic practices", the White House said. The Commission's report focused heavily on trade policy. "After many years of attempting to engage China and persuade it to abandon its distortive trade practices, it is clear this approach has not been successful," the report said. In particular, it said the U.S. Trade Representative should assess China's compliance with the "terms and conditions of the 1999 Agreement on Market Access", which Beijing and Washington signed before China joined the WTO. If that assessment "concludes that China has failed to comply with the provisions agreed to for its accession to the WTO, Congress should consider legislation to immediately suspend China's Permanent Normal Trade Relations treatment", the report said. "Following the suspension of PNTR, Congress should assess new conditions for renewal of normal trade relations with China."

The Commission, an independent panel set up by Congress in October 2000, reports directly to lawmakers about the national security implications of the U.S.-China trade and economic relationship. The latest report grew out of seven hearings involving 74 experts from government, business and research organizations over the past year. The 12 Commissioners behind this year's report are not lawmakers, but are appointed by Congress.

Kurt Tong, a former U.S. Consul General and current Managing Partner at Washington-based risk consultancy The Asia Group, called the Commission's report "a cataloguing of the year's bad news about China". He noted that lawmakers and academics use the report to frame their policy recommendations on China, the South China Morning Post reports.

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