

China Business Weekly

10 January 2023



FCCC/EUCBA ACTIVITIES

EU-China Conference: European Business in China Post-2022 – The View from the Ground – 12 January 2023 – Brussels



2022 has been a turbulent year for the EU and China. Both actors have had to deal with multiple shocks, including the war in Ukraine and the resulting energy and food security crises, economic headwinds and inflation, and an unstable geopolitical environment. In the case of China, an increasingly unsustainable zero-Covid policy and a property crisis have added to the complexities in an already politically pivotal year for the Chinese leadership, with the 20th Party Congress taking place in October. The China at the beginning of 2023 – no longer with Covid-zero and with a new leadership – is certainly very different from the China in early 2022. European companies' conversations in China now are not the same as in January 2022. Indeed, from the perspective of European companies in China, the shift in Chinese policymaking – partly as a result of these and other trends towards prioritizing ideology over the economy – has led to China's business environment becoming less predictable, reliable and efficient. Although opportunities for European companies in China remain, they must develop strategies to deal with an ever-growing list of risks stemming from geopolitical developments and emerging legislation both within and outside China.

On the occasion of the first European Union Chamber of Commerce in China (European Chamber) business delegation visit to Brussels in three years, the EU-China Business Association, the European Chamber and BusinessEurope are organizing this conference. Attendees will have the opportunity to learn from European business representatives operating on the ground in China what the key drivers behind these trends in China are and their implications for European business. This is a hybrid conference.

The programme is as follows:

10h00 – 10h30: Registration (offline attendees only)

10h30 – 10h40: Opening remarks by Ms. **Luisa Santos**, Deputy Director General, BusinessEurope

10h40 – 11h00: Presentation of the current business environment in China by Mr. **Joerg Wuttke**, President, European Union Chamber of Commerce in China

11h00 – 11h40: Panel discussion with industry representatives from the European Chamber

11h40 – 11h55: Discussion and Q&A

11h55 – 12h00: Closing remarks by Mr. **Jochum Haakma**, Chairman, EU-China Business Association

Practical information:

Date: 12 January 2023

Time: 10h00 - 12h00

Location: Online and Offline (Adenauer Room, BusinessEurope, Avenue de Cortenbergh 168, 1000 Brussels)

Price: Free

[SUBSCRIBE HERE](#)

Networking dinner: “China for Flanders' Tech Companies: to avoid or to engage?” 23 January 2023 – Ghent



The Flanders-China Chamber of Commerce is organizing a dinner meeting focusing on “**China for Flemish Tech Companies: to avoid or to engage?**”. This event will take place on **23 January 2023, at 17h30** at the **Cercle Royal La Concorde, Kouter 150, 9000 Gent**.

As a result of the pandemic and the differing responses of different countries to manage the outbreak, particularly China's zero-covid strategy and changes in the geopolitical landscape, China's business environment and the related trade & investment conditions have undergone significant change over the last few years.

How should technology companies from Flanders respond to this changed environment? Should they opt out of the China market or, bearing in mind that China's tech market is the second largest tech market in the world, should they continue to invest but take necessary precautions? If so, how should they mitigate the risks. At the same time, Chinese technology companies are eager to grow in the European market and are looking for European partners.

During his speech, Mr **Peter Tanghe**, Technology Counselor for Flanders Investment and Trade in China, will share insights about the current state and future opportunities for Flemish tech entrepreneurs across different industries in Digital, Climate and Health Technology.

Mr **Niek Van Overberghe**, Head of Sales, Molecubes Modular Benchtop Imaging, will offer his first-hand perspective arising from Molecubes' experience in China.

The programme is as follows:

17h30-18h00: Registration

18h00-18h05: Welcome address, Ms. **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

18h05-18h35: Presentation, Mr. **Peter Tanghe**, Technology Counselor, Flanders Investment and Trade

18h35-18h50: Testimonial by Mr. **Niek Van Overberghe**, Head of Sales, on the experiences of Molecubes in China.

18h50-19u00: Q&A Session

19h00-20h30: Networking dinner

Practical information:

Date and time: January 26, 2023, 17h30 - 20h30

Location: Cercle Royal La Concorde, Kouter 150, 9000 Gent

Price for Members: €75 excl. 21% VAT (€15.75)

Price for Non-members: €95 excl. 21% VAT (€19.95)

Parking availability: Parking Kouter

[SUBSCRIBE HERE](#)

Webinar: “Navigating turbulent times in the freight industry”
27 January 2023 – 10h00

The graphic features a background of a large cargo ship with colorful containers. At the top left is the logo for Flandres-China Chamber of Commerce (FCCC/VCKK) in both Chinese and English. The word 'WEBINAR' is prominently displayed in red. The main title is in large black font, followed by the date and time. Below the title are four circular headshots of the speakers, each with their name and title underneath.

Name	Title	Company
Didier Duponselle	Business Unit Director	Warehousing and On-site Logistics Ahlers
Philippe Beaujean	Shippers & Forwarders Manager	Port of Antwerp-Bruges
Arno Coster	Commercial Director	Trade Facilitation Ahlers
Gwenn Sonck	Executive Director	Flanders-China Chamber of Commerce

The Flanders-China Chamber of Commerce is organizing a timely webinar focusing on “**Navigating Turbulent Times in the Freight Industry**”, which will take place on **27 January 2023 at 10h00 am CET**.

The disruptive events that caused record-high ocean shipping rates are coming to an end, and rates are swinging back. Following the disruption, what is happening in the shipping market, and what can we expect in the coming year? How low will container rates go? As a shipper, what can you do to benefit from the decreasing prices? And is the 'pricing' crisis really over?

Our first speaker, Mr **Didier Duponselle**, Business Unit Director Warehousing and On-site Logistics, Ahlers, will address these questions during his presentation.

Our second speaker Mr **Arno Coster**, Commercial Director, Trade Facilitation, Ahlers, will discuss new customer patterns, new ways for companies to meet customers' needs, and new ways to execute the 'vision for the growth of revenue streams' in complex markets. Added to that, he will explain how business processing can be outsourced using the Ahlers Master Trade model to help companies operate successfully in complex markets.

Our third speaker, Mr **Philippe Beaujean**, Shippers & Forwarders Manager, Port of Antwerp-Bruges, will speak about how

a world port like Antwerp-Bruges can adapt to respond to the changing maritime supply chain.

The programme is as follows:

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

10h05 – 10h25: Presentation on “Navigating turbulent times in the freight industry”, Mr. **Didier Duponselle**, Business Unit Director Warehousing and On-site Logistics, Ahlers

10h25 – 10h45: Presentation on “Business Process Outsourcing in complex markets”, Mr. **Arno Coster**, Commercial Director, Trade Facilitation, Ahlers

10h45 – 11h05: Presentation on “Port of Antwerp-Bruges, building a resilient port”, Mr. **Philippe Beaujean**, Shippers & Forwarders Manager, Port of Antwerp-Bruges

11h05 – 11h15: Q&A Session

Practical information:

Date: January 27, 2023

Time: 10h00 am CET (Brussels time)

Location: Online

Price: Free

[SUBSCRIBE HERE](#)

Chinese New Year Reception – 1 February 2023 – 18h00 – KBC Bank, Brussels

法蘭德斯 FCCC
中國商會 VCKK
FLANDERS-CHINA CHAMBER OF COMMERCE
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

The Chairman and the Board of Directors
of the Flanders-China Chamber of Commerce
are delighted to invite you to its
法蘭德斯-中國商會主席和董事會誠邀您參加

CHINESE NEW YEAR RECEPTION
法蘭德斯-中國商會春節聯歡會

With speeches by 我們的演講者有:
Mr Kurt Vandeputte
Chairman, Flanders-China Chamber of Commerce
法蘭德斯-中國商會主席 范德普
His Excellency Cao Zhongming
Ambassador of the People's Republic of China in Belgium
中華人民共和國駐比利時王國大使 曹忠明閣下
His Excellency Mr Jan Jambon
Minister-President of the Government of Flanders
Jan Jambon 閣下
比利時法蘭德斯大區政府首席大臣兼法蘭德斯外交政策、文化、資訊技術和設施部長

With special thanks to 特別鳴謝
KBC Bank 銀行
and the Founding Members
and Members of the Board of Directors
of the Flanders-China Chamber of Commerce
及法蘭德斯-中國商會創始成員和董事會成員

AGEAS
Mr FILIP COREMANS
Managing Director Asia,
AGFA
Mr LUC DELAGAYE
Member of the Executive Committee
AHLERS
Mr CARL PEETERS
Chief Financial Officer
BEKAERT
Mr PHILIP EYSKENS
Chief Legal & Compliance Officer
DEME
Mr PHILIP HERMANS
Managing Director Activity Line Dredging
KBC Bank
Mr WIM ERALY
Senior General Manager Commercial Banking and Facilities
PICANOL GROUP
Mr JOHAN VERSTRAETE
Vice President Weaving Machines
UMICORE
Mr KURT VANDEPUTTE
Senior Vice President Battery Recycling Solutions

1 FEBRUARY 2023 – 18h00
癸卯年二月一日 晚上六點
KBC Bank 銀行
Havenlaan 2, 1080 Brussels 布魯塞爾

We look forward to seeing you
at our Chinese New Year Reception
我們期待與您在我們的中國春節聯歡會相見！

Gwenn Sonck
Executive Director
法蘭德斯-中國商會執行總裁
宋惠安
Kurt Vandeputte
Chairman
法蘭德斯-中國商會主席
范德普

FCCC FOUNDING MEMBERS 創始成員
ageas AGFA ahlers BARCO BEKAERT
DEME KBC PICANOL umicore

FCCC STRUCTURAL PARTNERS 重要合作夥伴
中國銀行 BANK OF CHINA GHEENT UNIVERSITY HUAWEI vito
法蘭德斯-中國商會 Flanders-China Chamber of Commerce

IN COOPERATION WITH
EU-China Business Association 歐中中國貿易協會
SILVER SPONSORS
BYD Aprojects COSCO SHIPPING
BRONZE SPONSORS
FLANDERS INNOVATION

The Flanders-China Chamber of Commerce has the pleasure to invite you to celebrate the Year of the Rabbit on **Wednesday, February 1, at 18h00** at the **KBC Bank, Havenlaan 2, 1080 Brussels**.

Special guests of honour will be His Excellency Mr **Cao Zhongming**, Ambassador of the People's Republic of China in Belgium, and His Excellency Mr **Jan Jambon**, Minister-President of the Government of Flanders.

A Q&A session and a networking reception will follow the speeches.

This event is certain to be well attended, so we strongly recommend you book now to guarantee your place.

The programme is as follows:

17h30 – 18h00: Registration

18h00 – 18h05: Introduction by Mr **Kurt Vandeputte**, Chairman, Flanders-China Chamber of Commerce

18h05 – 18h20: Speech by His Excellency Mr **Cao Zhongming**, Ambassador of the People's Republic of China in Belgium

18h20 – 18h35: Speech by His Excellency Mr Jan Jambon, Minister-President of the Government of Flanders

18h35 – 18h45: Q&A Session

18h45 – 20h30: Networking reception

SPONSORSHIP OPPORTUNITIES for the FCCC New Year Reception. The FCCC New Year Reception offers a unique opportunity for Flemish and Chinese companies to promote their brands and services at this well attended event. If you are interested in the sponsoring this reception, please send an e-mail to: gwenn.sonck@flanders-china.be.

Practical information:

Date: 01.02.2023

Location: KBC Bank, Havenlaan 2, 1080 Brussels

Price members: 30 € (excl. 21% VAT)

Price non members: 60 € (excl. 21% VAT)

[**SUBSCRIBE HERE**](#)

ACTIVITIES SUPPORTED BY FCCC

Webinar: Food Additives in China: Current Requirements and Expected Changes – 11 January, 2023, 09:30 Brussels time; 16:30 Beijing time



The EU SME Centre is organizing a webinar on **“Food additives in China: Current requirements and expected changes”** on January 11, 2023 at 09:30 Brussel time; 16:30 Beijing time.

This event is organized in complement to the publication of the EU SME Centre's new guidelines for F&B producers and exporters to China. The updated guidelines' authors, Rubén Martínez Gómez and Lydia Ye from Eibens, will present an overview of the laws and regulations governing food additive usage and labelling requirements in China and introduce the changes expected in the coming months.

The new guidelines on this topic are available for free download [here](#).

This event will be of interest to many European food producers and exporters.

Program:

16:30 – 16:40 Words of welcome, opening remarks by Mr. **Alessio Petino**, Business Advisor, EU SME Centre
EU SME Centre Presentation | China-Italy Chamber of Commerce Introduction

16:40 – 17:15 Food Additives in China by Mr. **Rubén Martínez Gómez** and Ms. **Lydia Ye**, EIBENS

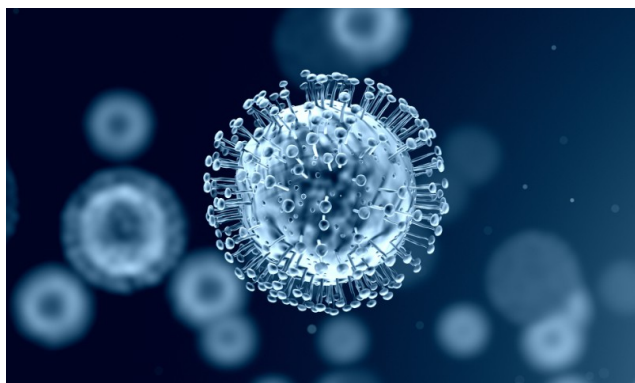
17:15 – 17:30 Q&A Session

[SUBSCRIBE HERE](#)

Follow the Flanders-China Chamber of Commerce on
[LinkedIn](#) – [Facebook](#) – [Twitter](#) – [Instagram](#)

HEALTH

Quarantine-free travel to China resumes; passengers on direct China to Europe flights require 48h Covid test before departure



Test- and quarantine-free travel to China resumed on January 8, as China abolished almost all Covid-prevention measures, except the wearing of face masks. Hainan Airlines will resume direct flights between Brussels and Beijing on January 12, eliminating the Xian stop-over for a five-day quarantine. But many European countries – including Belgium – now require a PCR test taken within 48 hours before departure for passengers on direct flights from China to Europe.

Hundreds of millions of people in China have been infected since the country's abrupt shift from its zero-Covid policy in early December. Major Chinese cities have passed peak Covid-19 infections, with the number of patients in emergency wards dropping and patients in intensive care plateauing, according to Jiao Yahui, Director of the National Health Commission's Medical Administration Bureau. Smaller cities and rural areas have also witnessed large numbers of infections recently and will face a peak in severe patients and those needing

emergency treatment during the Spring Festival travel period. Jiao added that the number of patients showing symptoms of pneumonia accounted for around 8% of Covid patients in 2022. With the number of patients needing intensive care rising, the occupancy rate of ICU beds increased rapidly between December and January, rising from 54% on December 25 to around 80% now.

People with “mild” symptoms, together with those who are asymptomatic, account for 90% to 98% of total infections, but for many the symptoms are still very painful, including several days of fever, a piercing sensation in the throat and a persistent cough. Some question Chinese experts' characterization of Omicron's symptoms as “mild” and “similar to a cold”. Jin Dongyan, Virologist at the University of Hong Kong, said China's way of categorization was “wrong, misleading and unacceptable”. But the actual severity of symptoms in China is more or less the same as in the rest of the world, he said. Even if someone's throat feels like it is being cut by a knife, it is a “mild symptom”, as it is an upper respiratory infection – not pneumonia, Jin added.

With people contracting the same strains, most symptoms in China, like fever, cough and fatigue, are similar to those in Europe, said Therese Hesketh, Global Health Professor at University College London. “Diarrhea seems to be more common in China. People also talk about more severe symptoms, especially in the elderly, like myocarditis,” she added. On January 8, Chinese officials formally clarified that Covid-19 should not be compared to a “cold” – but to a “flu” – in an effort to discourage underestimations of the risks.

European countries have been accused by epidemiologists and health experts of ignoring scientific advice in requiring travelers from China to show

a negative Covid-19 test before boarding flights to the continent. “We’ve known since well before Covid that point of entry/point of exit screening is largely ineffective at controlling the international spread of infectious diseases,” said Paul Hunter, Epidemiologist at the University of East Anglia in Britain. “Given higher population immunity in the EU, a surge in cases in China is not expected to impact the Covid-19 epidemiological situation in the EU,” the European Center for Disease Control noted.

Aviation industry figures also accused governments of acting “more for populist reasons rather than to attain public health goals”. “We all know that uncertainty prevents companies from planning, programming and selling travel and holidays,” Eric Drésin, Secretary General of the European Travel Agents’ and Tour Operators’ Associations, told Politico. The International Air Transport Association (IATA) said “governments must base their decisions on ‘science facts’ rather than ‘science politics’”. “Governments should listen to the advice of experts, including the World Health Organization (WHO), that advise against travel restrictions,” said Director General, Willie Walsh, who also called for China to “remove the need for pre-departure Covid-19 testing for those traveling to China”. As many as 130 sub-lineages of the Omicron variant have been detected in China in the past three months, health officials said, adding that mutations will continue as the disease spreads.

On January 8, tens of thousands of Hong Kong travelers crossed newly reopened border checkpoints between Hong Kong and mainland China for family reunions or business purposes without the need to quarantine for the first time in three years. At the Lok Ma Chau spur line checkpoint, which will handle 70% of the 50,000 daily quota for travelers heading to the mainland, many people had taken the first train at 5.28 am from Mong Kong East station before the crossing opened at 6.30 am. It is among four border control points resuming operations, with the others being at Man Kam To, the Macao Ferry Terminal in Sheung Wan and China Ferry Terminal in Tsim Sha Tsui. Just three control points never closed for the pandemic – those at Shenzhen Bay Port, the Hong Kong-Zhuhai-Macao Bridge and Hong Kong International Airport. To cross the border, Hong Kong travelers must register in advance on an online platform while mainland residents

heading to the city will have to make a booking on an official Shenzhen government website.

The number of passenger trips is expected to dramatically surge during this year’s 40-day Spring Festival travel period starting on January 7, compared with last year. About 2.1 billion passenger trips are expected to be made during the period, a year-on-year increase of 99.5%, Vice Minister of Transport Xu Chengguang said. The Spring Festival this year falls on January 22, and travel usually peaks before and after the seven-day holiday.

China’s CanSino Biologics’ Covid-19 mRNA booster vaccine has entered the test production phase. The vaccine, known as CS-2034, targets new Omicron variants which are responsible for the vast majority of infections sweeping across China since the country began dismantling strict Covid-19 curbs last month. China has so far relied on nine domestically developed Covid vaccines, including inactivated varieties, but none had been adapted to target the highly transmissible Omicron variant and its offshoots currently in circulation. According to CanSino, 100 million doses of its new mRNA vaccine could be produced in the first phase.

The first domestically developed extracorporeal membrane oxygenation (ECMO) machine was launched in China to treat Covid-19 patients in critical condition and boosting the development of the country’s high-end medical devices market. The National Medical Products Administration (NMPA) approved the emergency use of the first domestic ECMO equipment made by Shenzhen, Guangdong province-based Chinabridge

As a result of the Covid pandemic and limits on travel, **English proficiency is dropping in China.** According to Swedish company EF Education First, China’s ranking in English proficiency dropped to 62nd place among 111 non-English speaking countries and regions. In the company’s 2022 English Proficiency Index, China scored 498 points out of 800, dropping from 49th place in 2021 with a score of 513, and 38th in 2020 with a score of 520. The country’s English proficiency has slipped from moderate to low, according to the company.

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

EXHIBITIONS

China to resume holding international events and exhibitions



China is expected to resume hosting international events and exhibitions this year, as the country gradually reconnects with the rest of the world, as quarantine measures for inbound travelers have been lifted and international flights have resumed. The change will set the stage for numerous sports and trade events this year that have been postponed, scaled down or held online since the coronavirus pandemic began. The **Boao Forum for Asia**, an annual economic event on the southern island of Hainan, will take place this year after the meetings of the national legislature and the top political advisory body in March. Organizers plan to invite foreign guests and hold more on-site events. The conference is expected to draw crowds similar to the pre-pandemic level in 2019, when it attracted more than 2,000 attendees from more than 60 countries and regions worldwide, including 14 heads of state and more than 140 ministerial-level officials. The forum was scaled down under China's zero-Covid policy, shifting to online discussion panels and small gatherings under tight restrictions.

According to the **"2021 China Exhibition Index Report"** released at China International Fair for Trade in Service in September, 1,603 exhibitions – national or international – were held in China in 2021, a drop of nearly 30% from 2019. The figure fell to just 292 last year. Activities and

events that connect China with cutting-edge global technology will be launched soon, according to Luo Jun, Executive Director of the China Computer Industry Association's Metaverse Industry Professional Committee. "The policy barriers for foreign experts and industry players to re-enter China have been dropped," Luo said. "We are optimistic that we will attract academics and representatives of leading companies from different countries to China to exchange and collaborate on how to explore and build a global ecosystem for the metaverse." Luo said the committee will host one conference on the metaverse in February and a bigger event in September, after it was previously scheduled for December but delayed due to virus outbreaks.

MWC Shanghai, a major mobile industry gathering, will be held in late June after being canceled last year as the city's exhibition halls were converted into temporary hospitals and quarantine centers. "We are planning to invite our clients, partners and analysts across Asia to attend the long-awaited event," said a PR manager from a leading telecommunications company in China. "We believe dozens of thousands of global industry insiders will be gathering again in China." The MWC Shanghai in 2019 attracted 75,000 industry professionals and consumers from more than 100 countries and regions, according to London-based organizer GSMA.

Soon after, **the World University Summer Games are set to be held in Chengdu** between July and August after two successive years of postponement. The Olympic Council of Asia announced **the 19th Asian Games will also be held in Hangzhou** in September and October having been postponed from September last year. Chinese artists and students are also looking forward to traveling to overseas exhibitions and international events, said Jay Chau, Chairman of the Asian Art Association Singapore. "For overseas travel by the Chinese public for private purposes, the related policy is not yet clear," he said. "We are looking forward to China's progress in reopening borders this year, but uncertainty remains," the South China Morning Post reports.

REAL ESTATE

Home sales in China expected to recover; sales of 100 largest developers down 41.3% in 2022



Home sales in China are likely to recover as some cities are now allowed to relax mortgage rate minimums for first-time homebuyers, aiding the country's economic rebound. Cities whose new home prices fall for three months in a row on both a monthly and yearly basis are allowed to temporarily maintain, lower or remove the local lower limits on mortgage rates for first-time homebuyers, the People's Bank of China (PBOC) and the China Banking and Insurance Regulatory Commission (CBIRC) said in a joint statement. Also pointing to regulators' increasing support for reasonable home buying demand, Ni Hong, Minister of Housing and Urban-rural Development, told Xinhua News Agency that down payments and mortgage rates for first-time homebuyers should be reduced wherever appropriate.

Thanks to the new mechanism, analysts said **about half of the country's 70 major cities are eligible to relax local first-time home mortgage rate minimums in the near future.** Cheng Qiang, Chief Macro-economic Analyst at CITIC Securities, said 38 out of the 70 big and medium-sized cities are eligible for adjustable mortgage rate minimums. Reducing mortgage rates will help stabilize home sales and improve real estate development, Cheng said, adding that they play an indispensable role in expanding domestic demand by boosting investment in the real estate industry chain and unleashing consumer demand for appliances, furniture and decoration.

Once local new home prices rise three months in a row, cities should restore local mortgage rates to the national minimum, which stands at 4.1% at present. Yan Yuejin, Director of the E-house China Research and Development Institution, said the mechanism has extended a short-term measure launched in September into a long-term policy, giving local governments the flexibility to adjust mortgage rates to fit local market conditions. In September, the PBOC allowed cities with sustained home price declines to

relax first-time home mortgage rate minimums until the end of last year.

"Based on the central government's strong resolution to stabilize home prices, we believe this round of home price adjustments has bottomed out," said Xu Xiaole, Chief Analyst with the Beike Research Institute. He added the transaction volume of pre-owned homes in the 50 cities Beike monitors saw 4% growth in December from a month earlier, the China Daily reports.

The 100 largest property developers in China ended 2022 with CNY7.6 trillion in sales, down 41.3% from a year earlier, according to a report by the China Index Academy (CIA). The top 100 home builders saw their market share shrink to 39.3% in 2022, down by 12.3 percentage points from the previous year. It is now the "survival of the fittest" in China's property sector, as the gap between the top 10 and the bottom 50 developers on the list is widening, the CIA report said. The former made CNY310.7 billion per firm on average, versus CNY27.6 billion for the latter. **Country Garden managed the most sales in 2022**, raking in CNY464.3 billion by selling 57.16 million square meters of property. Poly Real Estate ranked second with CNY440 billion in sales, followed by Vanke, which generated CNY417.2 billion. Both firms sold more than 25 million sq m of real estate.

China Resources Land, China Overseas and Longfor also made the top 10, generating over CNY200 billion in sales. CIA said only 20 property developers recorded sales of over CNY100 billion in 2022, down from 41 the previous year. The number of developers making over CNY10 billion in sales also dropped, from 158 to 130 in 2022. CIA said favorable policies designed to rescue the stricken industry did not help the developers much and supply and demand in the market had not recovered significantly. "The country's property market as a whole is still in the stage of deep adjustment, and the companies' cash collection was hindered," it added.

In December, the firm released another report that suggested home prices in 100 cities fell for a sixth consecutive month, declining 0.08% after falling 0.06% in November. Raymond Cheng, Director of China and Hong Kong Research at CGS-CIMB Securities, said the 16 measures rolled out by Beijing in November to support the property sector were "helpful but insufficient." "They mainly focus on helping developers solve short-term liquidity problems but not sales," he explained, as reported by the South China Morning Post.

ADVERTISEMENT AND SPONSORSHIP

Interested in advertisement in the FCCC Weekly or on the FCCC website? Send an e-mail to info@flanders-china.be

CHINA NEWS ROUND-UP

Semiconductor and electronics trade exchange set up in Shenzhen

Shenzhen has established an international sourcing platform for semiconductors and other electronics components amid U.S. trade restrictions. The Electronic Components and Integrated Circuits International Trading Center Co, based in the city's Qianhai economic zone, received its business license on December 30, according to several shareholders of the new entity. This trading center, with an initial capitalization of CNY2.1 billion, is financed by 12 state-owned enterprises (SOEs) and private companies, including China Electronics Corp (CEC) and local government fund Shenzhen Investment Holdings. CEC and subsidiary China Electronics Information Service Co each invested CNY380 million in the trading center, securing a similar 17.8% interest for each firm, while Shenzhen Investment injected CNY760 million to obtain a 35.7% stake. Other backers include electronics firm Shenzhen Huangqiang Industry Co, with a 3.5% share, and chip firm Shannon Semi, with a 1.7% stake.

The development of this trading center, which was initially announced by the National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM) in January last year, is expected to engage various companies involved in the semiconductor and electronics industries around the world, including manufacturers and distributors. Shenzhen, which President Xi Jinping hand-picked in 2020 to become a world-class innovation powerhouse and model for economic reform, will also serve as a major location for procurement, software development, branding and training, among a range of services, according to the NDRC's plan.

The plan reflects Xi's strong belief that Shenzhen would become an important engine of growth for the Greater Bay Area development zone, as the city pushes reforms in line with China's tech self-sufficiency strategy. The initiative comes amid tightened sanctions imposed by the U.S. on China's semiconductor industry, which has hurt Beijing's ambitions for the country to achieve technological self-reliance.

Last month, three dozen Chinese firms, including flash memory chip maker Yangtze Memory Technologies Co, were added by the U.S. government to its trade blacklist, citing concerns that Beijing was using commercial technologies to modernize its military. That marked a significant escalation from previous targeted sanctions against individual Chinese firms, such as Huawei Technologies and Semiconductor Manufacturing International Corp (SMIC), the South China Morning Post reports.

High-level executives of foreign companies planning visits to China

A number of foreign companies are planning senior executives' visits to China, promoting the resumption of projects and seeking new investment opportunities in China after the country optimized its epidemic prevention

measures, the Ministry of Commerce (MOFCOM) told a press conference. China's decision to adjust its epidemic prevention and control measures has been widely welcomed by foreign enterprises and foreign business associations in China, MOFCOM Spokesperson Shu Jueting told the press conference. Many of them said that the optimized measures are "very timely and encouraging," "have solved the major problem of foreign nationals coming to China" and "made their development expectations in China more stable," Shu said. She also noted that MOFCOM attached great importance to foreign enterprises' operations in China and has conducted one-on-one visits to foreign-funded enterprises and associations to explain China's latest epidemic prevention policies.

The British Chamber of Commerce in China told the Global Times in a recent interview that it welcomes the recent changes to China's pandemic control measures and is encouraged by the government's decision to open up and ease travel restrictions. "This will facilitate the much-needed exchanges between their UK headquarters and China operations, increase headquarters' understanding of the Chinese market as well as increase the willingness of international talents to re-consider China as a work destination," the Chamber said in a statement sent to the Global Times.

A number of foreign companies expressed optimism about the prospects of China's economic development, according to a survey conducted by the China Council for the Promotion of International Trade (CCPIT) of 160 foreign companies and Chambers in December. According to the poll, 91% of foreign enterprises and business associations surveyed strongly support the optimization of epidemic prevention and control policies and 99.4% are confident of the prospects of China's economic development in 2023. 98.7% of the surveyed foreign companies said they would maintain and expand their investment in China, while 89.8% said they would maintain their industrial chains in the country, according to the survey.

China's foreign direct investment totaled USD178.08 billion in the first 11 months of 2022, an increase of 12.2% year-on-year, according to MOFCOM. "We will continue to expand market access for foreign investors, ensure fair treatment for foreign companies and create more convenient conditions for foreign investment in China," MOFCOM Spokeswoman Shu said, as reported by the Global Times.

First five-year plan for the logistics sector published

The first five-year plan for the development of a modern logistics sector through 2025 has been published, highlighting the need to promote the digital transformation of the sector, enhance the competitiveness of businesses, and improve the quality and efficiency of logistics services. According to the plan released by the General Office of the State Council on December 15, the country will prioritize the

development of cold chain logistics, promote the use of green packaging materials, and further reduce energy use and emissions in the logistics sector. Other key measures include improving modern logistics systems by accelerating the digital and smart upgrading of the transportation, storage, delivery and packaging sectors and strengthening weak links in rural areas and cold chain logistics.

China now has the world's largest logistics sector, leading all countries in terms of cargo transport volume and number of shipments. The total revenue of the sector reached CNY12 trillion in 2021, according to the National Development and Reform Commission (NDRC). Zhang Jiangbo, Deputy Director of the Department of Trade at the NDRC, said that China's logistics sector is facing challenges, including disparities between eastern and western regions and urban and rural areas in terms of infrastructure and services offered, as well as a relatively small number of logistics businesses that compete globally.

He said the latest five-year-plan has proposed measures to boost the competitive edge of logistics services providers, including efforts to improve the quality and efficiency of services and refine the sector's business environment. Another focus of the document is **to lower the cost of logistics services in general** by implementing tax and fee cuts and resolving gridlocks troubling the sector. The significance of the sector's role in stabilizing the national job market is also emphasized in the plan, as over 50 million people are now employed in logistics-related industries, Zhang said.

The government will strengthen support for the growth of new business models in the sector and encourage job creation, he said, adding that more steps will be taken to protect the legitimate interests of workers. The policy document also highlighted the need to ramp up the development of international logistics networks, including improving the organization of China-Europe freight train services, moving forward with the development of overseas warehousing and encouraging major logistics providers to improve their global service networks. Furthermore, China will work toward achieving better alignment in standards for quarantine, inspection, certification and customs clearance with other countries in a bid to boost international logistics services, the China Daily reports.

In a separate report, the China Daily said that **commercialization of autonomous trucks will see speedy growth** as self-driving startups are stepping up efforts to conduct road tests and mass-produce autonomous heavy-duty commercial vehicles, fueled by rising demand for faster deliveries. Chinese autonomous driving startup Pony.ai has been making forays into the self-driving truck segment. The company announced in November it had formed a strategic alliance with two partners – Chinese logistics company Sinotrans and machinery manufacturer Sany Group – to work on promoting smart logistics, high-level autonomous driving, and mass production of high-end smart heavy trucks.

Pony.ai has already established joint ventures with Sinotrans and Sany Heavy Truck, a subsidiary of Sany Group, in a bid to develop autonomous trucks for logistics transportation. The first batch of 30 smart heavy-duty

trucks produced by the JV between Pony.ai and Sany Heavy Truck rolled off the production line in November and were delivered to Cyantron, the smart logistics JV established by Pony.ai and Sinotrans. Over the next three years, Cyantron will purchase an additional 500 autonomous heavy-duty trucks.

More than 3,000 km of new railway lines to be added in 2023

China's railway operator plans to carry 2.69 billion passengers in 2023, with expected revenues to return to the level of 2019, according to an annual industry work meeting, which set goals for 2023 and reviewed operations in 2022. China State Railway Group Corp (China Railway) said at the meeting that its 2023 target is to achieve CNY817.5 billion in business revenues, up 18% over 2022, and restore overall revenue to the level of 2019. While ensuring safety, the company expects to carry 2.69 billion passengers in 2023, up 67.6% year-on-year, and ship 3.97 billion tons of goods, up 1.8%. In 2022, 1.61 billion rail passenger trips were made.

China Railway will ramp up railway construction, including the Sichuan-Tibet Railway. **A total of 102 railway projects are planned in the Outline of the 14th Five Year Plan (2021-25)** for National Economic and Social Development and Vision 2035 of China. More than 3,000 kilometers of new railway lines will be put into operation in 2023, including 2,500 kilometers of high-speed railways. In 2022, China completed CNY710.9 billion of capital investment in railways and put 4,100 km of new railway lines into operation, including 2,082 km of high-speed railways. As of the end of 2022, China had 155,000 kilometers of railways in operation, including 42,000 kilometers of high-speed lines. China Railway also has vowed to develop cold-chain transportation and other modern logistical services. It said it will use market-based means to make full use of idle passenger trains and other resources to develop tourism services to help domestic consumption and rural revitalization. In 2022, China Railway delivered 3.9 billion tons of goods, up 4.7% year-on-year, including 1.49 billion tons of coal, up 13%.

In terms of international cooperation, **China Railway said it will continue to increase the capacity and quality of China-Europe Railway Express**, the China-Laos Railway and other land-sea corridors. It will promote railway connectivity among China, Laos and Thailand. In 2022, China-Europe freight trains fully played their role as a key route for logistics. A total of 16,000 China-Europe freight trains were operated, up 9% year-on-year and 1.6 million standard containers were shipped, up 10%. The China-Europe Railway now connects 108 cities in China and 208 cities in 25 European countries, the Global Times reports.

Chinese cities set higher GDP growth targets

Several cities in China with more than CNY1 trillion in GDP in 2022 have issued their development plans for 2023, with some setting higher GDP growth targets. More cities have taken stimulating domestic demand and

developing high-end manufacturing as key tasks in their work reports, in a bid to promote the development of high-end and intelligent manufacturing. Cities such as Jinan, Qingdao, Changsha, Hefei, Zhengzhou and Fuzhou all released 2023 GDP growth targets of between 5.5% and 7%. Zhengzhou, capital of Henan province, set a GDP growth target of 7% in 2023, compared with around 2% in 2022. Changsha, the capital of Hunan province, also set a target of 7% growth for 2023, compared to 4.8% in 2022. The yearly targets were announced after the annual Central Economic Work Conference (CEWC) held in December last year, as the meeting demanded that economic stability be made a top priority for 2023.

Efforts will also be made to speed up the planning and construction of a new-energy system, enhance the global competitiveness of traditional industries, accelerate the research and application of cutting-edge technologies, and vigorously develop the digital economy, according to the meeting. In a work report, the Hefei government in Anhui province said it will accelerate the expansion of the major industrial clusters of integrated circuits and artificial intelligence (AI), and also increase the development of new-energy vehicles and biomedicine. Phase one of the Anqing factory of Welling Auto Parts, which is owned by Midea Industry Technology and manufactures auto parts for NEVs, was officially put into production in Anqing, Anhui province on January 5. After increasing production capacity in late February, the factory will continue to pursue the goal of producing 1 million electric compressors, 1.2 million EPS motors and 200,000 drive motors a year.

Meanwhile, several cities also said they will continue to expand domestic demand and make greater investments in projects. Zhengzhou said it has set a target of CNY500 billion in infrastructure construction investment in 2023. The National Development and Reform Commission (NDRC) convened a meeting on November 25, with senior officials again calling on local governments to speed up infrastructure construction on newly approved projects, the Global Times reports.

Chinese companies showing their best products at Las Vegas CES 2023

Chinese companies are bringing their best products to the consumer electronics show in Las Vegas, hoping to increase global exposure and optimize overseas market share. More than 480 Chinese companies are present at this year's CES. At the Las Vegas Convention Center, major Chinese consumer electronics producer TCL installed its 1,650-square-meter booth next to those of competitors such as Sony, LG, Samsung and Panasonic. On the CES floor are TCL's ultra-large-screen Mini LED QLED TV lineup, sound bars, smartphones, and augmented reality demonstrations, among other products. Mark Zhang, General Manager of NABG, TCL Industries, said that only by competing against the strongest players worldwide and surviving in the most competitive market can a company grow. According to TCL, global sales of its smart screens reached 16.62 million sets in the first three quarters of 2022. Now, TCL is a top 2 LCD brand both worldwide and in North America, and maintains top positions in other key markets.

EcoFlow, a Shenzhen-based tech unicorn that provides power station and battery-storage devices for home use, echoed Zhang's view. "The majority of our annual revenue, roughly USD1 billion in total, has been generated from sales in our overseas market," said Amy Ma, who works for international outreach at EcoFlow. At CES Unveiled, a media-preview session, Ma said the Blade, a robotic lawn-sweeping mower that won the CES 2023 Innovation Award, drew many admirers from Europe and the U.S. "Our business is brisk at this moment," said Ma. "However, we are looking for more opportunities. That is why we came to CES."

For Tony Wang, founder of Shenzhen-based Leiyin Audio, his trip to Las Vegas shows a commitment to enhancing cooperation with his U.S. partners. His company is a provider of high-end headphones, earphones, headphone amplifiers, digital amplifiers and decoder-DACs for international niche-market users. Sam Zhu, founder of Shenzhen-based Kejinming Electronics (Kjm) has been dreaming of breaking the tech monopoly of major players in manufacturing electronic products, including projectors and digital photo frames. "To outperform competitors, we need to be really good," he said, as reported by the China Daily.

Your banner at the FCCC website or newsletter

Companies interested in posting a banner/an advertisement on the FCCC website or FCCC weekly newsletter are kindly invited to contact the FCCC at: info@flanders-china.be

Organisation and founding members of the Flanders- China Chamber of Commerce

Chairman

Mr. Kurt Vandeputte, Senior Vice President Battery Recycling Solutions, NV UMICORE SA

Vice-Chairman

Mr. Filip Coremans, Managing Director Asia, NV AGEAS SA

Secretary and Treasurer

Wim Eraly, Head of Corporate and Transaction Banking, NV KBC Bank SA

Executive Director

Ms. Gwenn Sonck

Members of the Board of Directors and Founding Members:

Mr. Kurt Vandeputte, Senior Vice President Battery Recycling Solutions, NV UMICORE SA

Mr. Filip Coremans, Managing Director Asia, NV AGEAS SA

Mr. Carl Peeters, Chief Financial Officer, NV AHLERS SA
Mr. Philip Eyskens, Chief Legal & Compliance Officer, NV

BEKAERT SA

Mr. Philip Hermans, Managing Director Activity Line Dredging, NV DEME SA

Mr. Wim Eraly, Head of Corporate and Transaction Banking, KBC Bank SA

Mr. Johan Verstraete, Vice President Weaving Machines, NV PICANOL SA

Mr. Luc Delagaye, Member of the Executive Committee, NV AGFA-GEVAERT SA

Membership rates for 2023 (excl. VAT)

- SMEs: €475 (excl. 21% VAT)
- Large enterprises: €1,185 (excl. 21% VAT)

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

Share your story

To send your input for publication in a future newsletter mail to: info@flanders-china.be

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

Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.

FCCC FOUNDING MEMBERS



FCCC STRUCTURAL PARTNERS



With the support of



IN COOPERATION WITH



EU-China
Business Association
欧盟中国贸易协会