China Business Weekly

17 January 2023

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

The Flanders-China Chamber of Commerce wishes you a Happy Year of the Rabbit!

FCCC/EUCBA ACTIVITIES

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

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

法兰德斯中国商会 FCCC 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
法兰德斯-中国商会主席和董事会诚邀您参加

CHINESE NEW YEAR RECEPTION
法兰德斯-中国商会春节晚会

With speeches by
我们的演讲者有：

Mr Kurt Vandeputte
Chairman, Flanders-China Chamber of Commerce
法兰德斯-中国商会主席
范德普

His Excellency Mr Cao Zhongming
Ambassador of the People's Republic of China in Belgium
中华人民共和国驻比利时王国大使
曹忠明阁下

His Excellency Mr Jan Jambon
Minister-President of the Government of Flanders
Jan Jambon阁下
比利时法兰德斯大区政府首席大臣兼法兰德斯外交政策文化、信息技术和设施部长

1 FEBRUARY 2023 – 18h00
癸卯年二月一日 晚上六点
KBC Bank 银行
Havenlaan 2, 1080 Brussels 布鲁塞尔

We look forward to seeing you at our Chinese New Year Reception
我们期待与您在我们的中国春节晚会相见！

Gwenn Sonck
Executive Director
法兰德斯-中国商会执行总裁
宋惠安

Kurt Vandeputte
Chairman
法兰德斯-中国商会主席
范德普

With special thanks to
特别鸣谢
KBC Bank 银行
and the Founding Members
and Members of the Board of Directors
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及法兰德斯 – 中国商会创办成员和董事会成员

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Mr KURT VANDEPUTTE
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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:

18h00 – 18h30: Registration

18h30 – 18h40: Introduction by Mr **Kurt Vandeputte**, Chairman, Flanders-China Chamber of Commerce

18h40 – 18h50: Speech by His Excellency Mr **Cao Zhongming**, Ambassador of the People's Republic of China in Belgium

18h50 – 19h00: Speech by His Excellency Mr **Jan Jambon**, Minister-President of the Government of Flanders

19h00 – 21h00: Networking reception

Practical information:

Date: 01.02.2023

Location: KBC Bank, Havenlaan 2, 1080 Brussels

Price members: 30 € (excl. 21% VAT)

Price non members: 65 € (excl. 21% VAT)

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Sponsorship opportunities for the FCCC New Year Reception

On 1 February 2023, the Flanders-China Chamber of Commerce will celebrate ***Chinese New Year!.*** The FCCC New Year Reception will take place at 18h00 at KBC Bank in Brussels.

We would like to offer your company the opportunity to give more exposure to Belgian companies active on the Chinese market and Chinese companies present in Belgium.

Below you will find more details on the sponsorship opportunities for the Chinese New Year Reception. If you are interested in sponsorship, please send an e-mail to: gwenn.sonck@flanders-china.be.

We thank you in advance for reading our proposal and hope to meet you at our New Year Reception!

Who will attend? Chinese, Belgian business leaders, officials.

Invitations are distributed via E-mail and the FCCC website and newsletters

GOLD SPONSOR: 2.250 € (EXCL .VAT)

- YOUR LOGO ON THE FCCC INVITATION
- YOUR LOGO ON THE INVITATION PUBLISHED ON THE FCCC WEBSITE
- YOUR LOGO ON THE FCCC INVITATION PUBLISHED IN THE FCCC WEEKLY NEWSLETTER
- 15 FREE CARDS
- BANNER OF YOUR COMPANY AT THE EVENT
- MENTION OF YOUR COMPANY DURING SPEECH

SILVER SPONSOR: 1.750 € (EXCL.VAT)

- YOUR LOGO ON THE FCCC INVITATION
- YOUR LOGO ON THE INVITATION PUBLISHED ON THE FCCC WEBSITE
- YOUR LOGO ON THE FCCC INVITATION PUBLISHED IN THE FCCC WEEKLY NEWSLETTER
- 5 FREE CARDS
- MENTION OF YOUR COMPANY DURING SPEECH

Webinar: “Navigating turbulent times in the freight industry” 8 February 2023 – 10h00 CET

The Flanders-China Chamber of Commerce is organizing a webinar focusing on "**Navigating turbulent times in the freight industry**", which will take place on **8 February 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 **Jan Van der Borght,** Port Representative, 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 – 11h00: Presentation on “Port of Antwerp-Bruges, building a resilient port”, Mr **Jan Van der Borght**, Port Representative, Port of Antwerp-Bruges

11h00 – 11h15: Q&A Session

Practical information:

Date: February 8, 2023

Time: 10h00 am CET (Brussels time)

Location: Online

Price For Non-Members: Free

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PAST EVENTS

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

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 organized the conference **“European Business in China Post-2022: The View from the Ground”**. Attendees had 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.

Ms. **Luisa Santos**, Deputy Director General, BusinessEurope, gave the opening remarks, saying we were facing a very challenging environment after everything that happened. With the zero-Covid strategy the contacts and dialogue had become much more difficult. When we are not able to see each other in person, this makes things more difficult. We are happy to see that China is now changing from a very strict Covid-policy to opening up. But we do not know the numbers of people being infected and dying and this is concerning. Now some other countries are imposing restrictions on people coming from China. We need to see if the current situation in China will impact supply chains around the world. The other major challenge is related to the war in Ukraine in which China has been quite ambiguous, more allying with Russia at least politically. The U.S. is seeing China as a rival economically, but also technologically. Rivalry is becoming more and more pronounced.

In 2020 we were going to open a new era in China-EU relations, but everything changed with the sanctions related to Xinjiang and the reaction from China. There is much discussion in Europe about China policy and this is a challenge. The alignment with the U.S. should be jointly decided and not imposed by one side. The major challenge is that the EU will be compelled more and more to align with the U.S. There will be more discussions about mutual investment between Europe and China.

Mr. **Joerg Wuttke**, President, European Union Chamber of Commerce in China, gave a presentation on the current business environment in China. After three years of online meetings it is wonderful to have a delegation coming to Brussels for contacts with the authorities, the Chinese Embassy, European Parliament and European Commission. Our Position Paper has been put together by 35 working groups with 400 pages of recommendations. We believe that China can still reform, otherwise we would not do this exercise. We hope that next year there will be less recommendations as China starts walking the talk of opening up instead of making cosmetic changes. The world has changed and is not waiting for China to open itself up. Ideology trumps the economy and we are concerned that China will become less predictable, reliable and efficient. At the 20th Communist Party Congress, President Xi Jinping mentioned Marx 15 times and markets three times. We need China to firmly open up. Some companies are looking for opportunities elsewhere.

European investments in China in 2021 were less than €10 billion and the tendency for 2022 was much better, courtesy of one company that invested €3.9 billion, but investments from other companies declined. EU companies invested €60 billion in the U.S. in 2021. In the U.S., it is mostly acquisitions, while in China investments are mostly in greenfields. In the first 10 months of 2022, China exported 5 million 40-foot containers to the EU, which means European consumers created 16 million jobs in China. Going from Europe to China, there were 1.5 million containers. This shows were things are headed. China is a huge economy but a very small market for us, so China still has a lot of potential and has it in his own hands to realize that potential.

The Covid situation has to be better managed. They can learn particularly from New Zealand and Taiwan. Economic prospects for the first quarter of 2023 will be very bad, whereas the first quarter of 2022 was very good. But the service sector is picking up with more traffic and travel. The second and third quarter will be better, so you have a good data set. GDP growth will probably be 5%. Our Position Paper indicates the potential of China.

A panel discussion with industry representatives from the European Chamber followed Mr. Wuttke's presentation. Participating in the panel discussion, moderated by Mr **Davide Cucino**, Brussels Representative of the European Union Chamber of Commerce in China, were Mr **Zhonghua Xu**, Chair Energy Working Group, TotalEnergies; Mr **Raphael de Garnier**, Chair Pharma Working Group, Sanofi; Ms **Susan Gao**, Vice-Chair Banking and Securities Working Group, Landesbank, and Ms **Renata Pavlov**, Member State Representative and Member of the Maritime Manufacturing Working Group, Fincantieri.

Following is a brief overview of the topics discussed:

- **Mr Xu** emphasized the importance of developing the ecosystem in the energy sector between Europe and China. China must speed up its transition from coal to gas and be more creative in renewables. We need to innovate faster and shorten the distance from R&D to business. We have to be more flexible to develop a new business model with China.
- **Mr de Garnier** said most of the innovation is still coming from multinationals. During the pandemic we focused on the continued supply of medicines. Now there are again shortages in raw materials and production capacity.
- **Ms Gao** said also the financial sector has gone through a period of limited business activities and low levels of social connectivity. More projects have been postponed or canceled because investors are reluctant to invest. We also see positive progress for the opening up of the financial market, but the sector is strictly controlled by the government. We are still pushing for fair market access and equal treatment.
- **Ms Pavlov** explained that the maritime industry has seen an unprecedented growth coming from a low base. For European companies it is not easy to exploit the potential because there is no clear roadmap. The industrial cycle is very long and it is not clear which technology will be used.

A Q&A session followed the panel discussion.

Mr **Kurt Vandeputte**, Vice Chairman of the EU-China Business Association (EUCBA) and Chairman of the Flanders-China Chamber of Commerce (FCCC), delivered the closing remarks. He said that we are at a huge moment in EU-China relations. Our members are concerned about the unknown and the region's complexity. Twenty years ago it was easy to go to China because there was little risk if you accepted the cultural differences. In the last three years this situation has changed completely. Our members are still attracted to China but they are facing the complexity of the market. Most are in China for China. China is a market which cannot be ignored. Now complexity is increasing and this also increases the role of our organization. In doing business with and in China in the past 20 years, I made many Chinese friends and the past three years were as painful for them as for us. There is a difference between multinationals and SMEs. They have been disconnected from their industrial and customer relations in the past three years. That is the drama. This is not the case for MNCs which have local management.

HEALTH

China reports almost 60,000 deaths from Covid-19 in five weeks; suspends visas for short-term visits to South-Koreans and Japanese

China's National Health Commission (NHC) has announced a total of 59,938 Covid-related deaths between December 8, 2022 and January 12, 2023, the first updated figure since the zero-Covid policy was abandoned. Jiao Yahui, Director of the Medical Affairs Department of the NHC, said that the average age of the deceased was 80.3 years, with 90.1% of the fatalities above 65 years old, and more than 90% suffering from underlying conditions. China is classifying deaths of patients with a positive nucleic acid test as Covid-19-related deaths, which is in line with the WHO and international standards, Jiao added. The causes of Covid-19 deaths are twofold: coronavirus infection leading to respiratory failure and death, or underlying diseases interacting with the coronavirus leading to death, Jiao said. Among the reported 59,938 Covid-19 deaths, 5,503 were due to respiratory failure caused by the virus, and 54,435 were from underlying conditions interacting with epidemic infection, according to the NHC. The Commission added that the infection peak had passed in China.

China is speeding up the localized production of Covid-19 treatments. The U.S. pharmaceutical firm Merck Sharp & Dohme (MSD)'s China branch announced it launched licensing negotiations with Sinopharm to manufacture and supply Molnupiravir in China. Meanwhile, a first batch of Molnupiravir has become available at selected Chinese hospitals. Sinopharm and MSD signed a cooperation framework agreement in September, under which Sinopharm would be a dealer and exclusive commission agent for MSD's antiviral Covid-19 medicine in China. The two sides would also negotiate the feasibility of a technical transfer under the framework so that Molnupiravir could be produced and provided in the Chinese mainland market.

Pfizer is also talking with a Chinese partner to produce its Paxlovid locally, Chief Executive Albert Bourla told media during the JP Morgan Healthcare Conference. China-produced pills are expected to be available within the next few months. Pfizer's Chinese partner is Zhejiang-based Chinese drugmaker Huahai Pharmaceutical, which announced in August 2022 that it had signed a deal with Pfizer to produce the drug in the Chinese mainland solely for patients in the country. Huahai is one of the five pharmaceutical companies in China that have signed on with the UN-backed public health organization Medicines Patent Pool to manufacture the generic version of Paxlovid for supply in 95 low- and middle-income countries, but China was not included in the list of 95 countries. The pills Huahai would produce for the mainland market would not be the generic version, but the original version, according to Pfizer's CEO Bourla. Approved in China in February 2022, the Pfizer treatment is currently covered by China's public health insurance until March 31 under a temporary arrangement for CNY1,890 a package.

A Covid drug candidate SIM0417, jointly developed by Nanjing-based Simcere Pharmaceutical Group, the Shanghai Institute of Materia Medica and the Wuhan Institute of Virology, is expected to be approved for the market in February, Jiangsu's drug management authority announced. Simcere is preparing to produce the drug in both Nanjing and Hainan. So far, three oral antiviral medications for Covid-19 – Pfizer's Paxlovid, China-developed Azvudine by Genuine Biotech and Molnupiravir – have become available in the Chinese market.

Metropolises including Beijing and Shanghai, and populous provinces such as Henan and Sichuan, have reported that the peak number of Covid-19 infections has passed and normal work and production are being resumed. The Henan provincial government revealed that the Covid-19 infection rate in the province was about 89% overall, 89.1% in urban areas and 88.9% in rural areas, as of January 6. The number of new cases is expected to remain at a low level at the end of this month, local officials said. Health officials in Chongqing said the number of people receiving treatment at fever clinics fell sharply after December 20, with the municipality passing its peak between December 12 and December 23, 2022. The number of daily infections in Sichuan province is also declining with more than 80% of residents having been infected. However, according to analysts, the number of nation-wide infections will not reach their highest point for up to two months.

Senior Chinese health officials said they are closely monitoring viral mutations and the spread of the XBB variant. Liang Wannian, Senior Expert at the National Health Commission (NHC), said there are no universally acknowledged criteria for counting Covid-19 deaths, with some countries relying on the assessments of doctors and some counting all patients who died within 28 days of returning a positive result.

Following the sharp increase of Covid-cases in China, South Korea has suspended the issuance of short-term visas for Chinese travelers, and China retaliated in kind, effectively halting travel for tourism, business and personal affairs. China’s Foreign Minister Qin Gang said that “discriminatory, unscientific and excessive” measures by South Korea and Japan had triggered Beijing’s retaliatory visa ban on the two nations. The Chinese Embassy in Seoul said the move was triggered by “South Korea’s discriminatory entry restrictions on China”. China also stopped issuing short-term visas to Japanese and threatened to take similar measures for other countries which imposed mandatory Covid-tests for passengers arriving from China. Chinese Foreign Ministry Spokesperson Wang said “we once again call on relevant countries to make sure that their Covid response measures are fact-based, science-based and proportionate. Covid response should not be used as a pretext for political manipulation. It should not be discriminatory and should not affect normal cross-border travel and people-to-people exchange and cooperation."

The Civil Aviation Administration of China (CAAC) is working with its counterparts in foreign countries to resume international flights to and from China, but last week there were only 563 international flights, about 6% of the pre-pandemic level in 2019. According to a preliminary forecast, the number will increase before the end of February, and return to about 1,000 flights per week, or about 11% of the 2019 level. By the end of March, the aviation market will further recover to 15% to 25% of the pre-epidemic level, reaching 1,300 to 2,300 flights per week. The recovery of the international aviation market is expected to accelerate in the second half of this year. If the market recovers well, the number of flights by the end of the year is expected to return to 80% of the pre-epidemic level, reaching 7,300 flights per week.

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

PRIVATE COMPANIES

21 major private Chinese companies presented in unprecedented TV program

In an unprecedented TV program on China Central Television (CCTV) Channel 2, 21 private Chinese companies and their top executive were presented in what is considered to be an endorsement of the private economy by the Chinese Communist Party (CPC). The program also underscores Chinese President Xi Jinping’s message during last year’s 20th Party Congress that the ruling Communist Party will “unwaveringly” support the private sector, a promise stressed further at the key Central Economic Work Conference (CEWC) at the end of 2022. “As China’s economy still faces very big downward pressure, the priority in 2023 is to stabilize the economy, and the key is to strengthen the confidence of private-sector entrepreneurs, that’s why CCTV released this video,” said Bin Zhao, Senior Economist at PwC China based in Shanghai. The program comes after the combined wealth of China’s 100 richest people plummeted 39% to USD907.1 billion from a year earlier in 2022 according to Forbes.

The China Daily published a list of the 21 entrepreneurs and the companies they represent (in the order they appeared in the program):

Zong Qinghou, Chairman of Hangzhou Wahaha Group, based in Hangzhou, Zhejiang province. Wahaha Group is one of the largest beverage companies in China with 81 production lines across 29 cities and provinces. Zong was the 45th richest person in China in a ranking by Forbes in 2022.

Cao Dewang, Chairman of Fuyao Glass Industry Group, based in Fuzhou, Fujian province. Fuyao Glass is the world’s largest manufacturer of automotive glass. Cao had to drop out of school at 14 to sell fruit and fix bicycles on the streets to help his family make ends meet, but rose to become one of the richest entrepreneurs in China.

Li Dongsheng, Chairman of TCL Technology, based in Huizhou city, Guangdong province. TCL is producing Blackberry phones and home appliances such as air conditioners.

Leng Youbin, Chairman of China Feihe, a major infant formula maker, with the largest market share in China for baby milk formula and infant milk.

Liu Yonghao, Chairman of New Hope Group. His company has the second-largest feed production capacity in the world, also supplying meat, eggs and milk products, and expanding into financial investment and healthcare.

Daniel Zhang Yong, Executive Chairman of Alibaba Group Holding, based in Hangzhou, Zhejiang province. Alibaba operates Taobao and Tmall, two of the world’s largest e-commerce platforms, and owns businesses ranging from cloud computing to a food delivery platform for supermarkets.

Zhou Haijiang, President of Hongdou Group. The garment producer founded in 1957, later expanded into tire production, medicine and industrial-park development.

Nan Cunhui, Chairman of Chint Group. The company is a provider of various smart-energy solutions, including the production of electric transmission equipment.

Xu Lei, CEO of JD.com. Based in Beijing, the company is one of the largest e-commerce companies in China and also owns Hong Kong-listed JD Health International and JD Logistics.

Guo Guangchang, Chairman of Fosun International. The Shanghai-based conglomerate is active in tourism, property, finance and healthcare, and is one of the largest private companies in China.

Zhou Hongjiang, Chairman of Yantai Changyu Pioneer Wine Company. The Shenzhen-listed company is one of the largest wine producers in Asia. The company was started by Indonesian-Chinese businessman Zhang Bishi in 1892.

James Liang, Executive Chairman of Trip.com Group. Based in Shanghai, Trip.com is the largest travel-booking company in China, in 2016 establishing a Southeast Asia headquarters in Singapore.

Wei Lihua, Chairman of Shijiazhuang Junlebao Dairy. The company produces milk, milk powder and related products. China Mengniu Dairy in November sold its 51% stake in Junlebao, returning control back to Wei.

Liu Hanyuan, Executive Chairman of Tongwei. Shanghai-listed Tongwei is offering aquatic and livestock feed, as well as new-energy products and services, including polysilicon production and solar cells.

Jiang Xipei, Executive Chairman of Far East Holding Group. The company focuses on smart cable networks, smart batteries and smart airports, and produces lithium batteries.

Yan Kaijing, Executive Chairman of Tasly Holding Group. The healthcare company offers products for the cardio-cerebrovascular and digestive systems, metabolism, tumor immunity and neuroscience.

Xin Xufeng, CEO of Luhua Group. Based in Yantai, Shandong province, Luhua produces edible oil, rice and condiments.

Wang Nanbo, Jingpai. Based in Daye, Hubei province, Jingpai produces wine that integrates traditional Chinese medicine (TCM), aiming to enhance health.

Zhong Baoshen, Chairman of Longi Green Energy Technology. The Shanghai-listed company is the world's largest producer of solar panels and plans to issue global depository receipts in Switzerland.

Fu Rao, Sichuan Langjiu Group. Based in Erlang in Sichuan province, Langjiu is a distillery of rice liquor and is one of the top 10 distilleries in China.

Liu Zhiqiang, General Manager of Blue Moon China. The company makes household products including washing machine detergent, pre-wash laundry liquid and hand-wash laundry detergent.

FOREIGN INVESTMENT

Sweden to seek consultations on ratification of CAI

Sweden, which has assumed the rotating presidency of the European Union for the first half of this year, is seeking consultations with the European Parliament in pushing forward the ratification of the China-EU Comprehensive Agreement on Investment (CAI). China and the EU reached an agreement in principle on the CAI in December 2020 after 35 rounds of talks spanning seven years. The European Commission described the CAI as "the most ambitious agreement that China has ever concluded with a third country" and one that "will ensure EU investors achieve better access to a fast growing 1.4 billion consumer market, and to compete on a better level playing field in China". However, the European Parliament blocked the ratification of the CAI after the EU and China started tit-for-tat sanctions against each other in March 2021.

Lars Danielsson, Sweden's Permanent Representative to the EU, said the Council has been ready to move on the CAI, but it faced a different opinion in the European Parliament on the issue, with lawmakers not allowing it to proceed. **"As Presidency, we will continue consultation with the Parliament to see whether we can unblock the situation**, and see if we can move forward," he told a news conference laying out the priorities of the Swedish Presidency. "We like to move forward, but right now we don't see the conditions because of the reasons I mentioned." Danielsson said he met Fu Cong, the new Head of the Chinese Mission to the EU, and briefed him on the situation. Ambassador Fu expressed the hope that during its rotating presidency, Sweden would take a constructive and practical approach and maintain the upward momentum of China-EU relations. Fu told the South China Morning Post in a recent interview that European Council President Charles Michel personally raised the issue of the CAI during his visit to Beijing a month ago. The topic was also raised by Bjoern Seibert, Cabinet Secretary of European Commission President Ursula von der Leyen, during his meeting with Fu.

Ambassador Fu said that CAI will take the China-EU economic relationship to a much higher level and it will address many of the concerns that EU businesspeople have about market access and restrictions. "So I would like to work with all my European colleagues to resuscitate this agreement," Fu said, adding that the EU's sanctions on China are unwarranted and China's sanctions were in response to the ones imposed on China by the EU.

Ding Chun, Director of the Center for European Studies at Fudan University, said that he is not too optimistic about the prospects for the CAI due to the Russia-Ukraine conflict and the EU's definition of China as a cooperation partner, an economic competitor and a systemic rival. "The CAI is good for the bilateral economic and investment relationship, so it's possible to have some forms of flexibility on issues, but to move forward the agreement as a whole is still a question mark now," he said. Ding believes that progress on the agreement depends on "opportunity, political wisdom and public sentiment".

European Commission Director General for Trade Sabine Weyand said China remains an important partner for the EU. On the EU's supposed dependence on China, Weyand said it affects only about 6% of trade and 94% is "unproblematic". "But I want to be very clear: China is not Russia. We do not equate the two countries," she said. "China remains a large economy which cannot be ignored," said Weyand, who was the EU's Chief Negotiator during the CAI talks, the China Daily reports.

CHINA NEWS ROUND-UP

Shanghai sets "above 5.5%" GDP growth target for 2023

Shanghai has set a GDP growth target of above 5.5% for 2023. Mayor Gong Zheng announced the goal while delivering the municipal government work report at the first session of the 16th Shanghai Municipal People's Congress, the city's legislature. He stressed that Shanghai will continue to pursue high-quality development and further deepen opening-up, making the city the pioneer of Chinese style modernization. "There are opportunities and challenges lying ahead in the realization of this target," said Sun Lijian, Director of the Financial Research Center at Fudan University. He said 5.5% is a comparatively high figure considering Shanghai's economic scale, but the city's high development standards and its economic fundamentals indicate such a goal is achievable. In the report, Gong noted that Shanghai's GDP surpassed CNY4 trillion in 2022, the second consecutive year it crossed the mark, and its per capita GDP reached CNY178,000.

The Mayor listed 10 key tasks for the year ahead including the implementation of major national strategies; the enhancement of the city's education system, technology and talent pool; expanding and stabilizing demand; promoting digital transformation; and supporting green development and low-carbon transition. "As the pioneer of Chinese-style modernization, Shanghai is benchmarked against other cities to continue its experiments in opening-up, including turning Pudong into a pioneer of socialist modernization," Gong said. Shanghai will focus on becoming a leading international center in terms of the economy, finance, trade, shipping and technological innovation. The city will also look to develop its four major functions – allocating global resources, initiating technological innovation, leading development of high-end industries, and being a center of the opening-up policy.

Among all these goals, Sun said, **the development of technological innovation is extremely vital**. "Building a technological innovation center will serve as a locomotive for the development of the other centers. "Breakthroughs in technology achievements will help remove bottlenecks in various areas and bring our high-quality economic development to a new level," Sun said. In the report, digitalization was highlighted, particularly in the fields of artificial intelligence (AI), electronic information, advanced materials, the metaverse and smart business. According to Gong, the expenditure on R&D as a percentage of the city's GDP is projected to reach about 4.3% this year. In the coming five years, it aims to raise the proportion of the digital economy in the city's overall GDP to 18%, the China Daily reports.

Beijing has set its 2023 economic growth target at above 4.5%, with a similar growth for residents' income. The city will strive to keep the urban unemployment rate at below 5% and maintain annual inflation at around 3%. According to acting Mayor Yin Yong's report at the annual session of the municipality's People's Congress, Beijing's GDP has exceeded CNY4 trillion, and its per capita GDP has exceeded CNY180,000 in 2022, ranking the highest among provincial-level regions and reaching the medium level of the developed economies. Actually utilized foreign investment in the city since 2018 exceeded USD75 billion, the Global Times adds.

China's car exports surpass Germany's after 54.4% increase in 2022

China has surpassed Germany to become the world's second-largest car exporter after exports increased by 54.4% year-on-year to 3.11 million vehicles in 2022, according to the China Association of Automobile Manufacturers (CAAM). China is closing in on Japan's export volume, and is likely to become the world's top car exporter in the coming years, analysts said. According to MarkLines, an auto industry data provider, Japanese carmakers exported 3.2 million vehicles in the first 11 months of 2022, almost unchanged from a year earlier. In 2021, Japan exported 3.82 million cars, and it is expected to post a year-on-year decline once its full-year results are tallied. Germany exported 2.61 million cars last year, up

10% from 2021, according to the German Association of the Automotive Industry (VDA).

"The strong growth momentum in China's car exports has helped the nation to earn a reputation as a powerful carmaker, as its passenger and commercial vehicles are well received by people outside the mainland," said Cao Hua, Partner at private-equity firm Unity Asset Management. "China's electric cars have won considerable market share in some developing nations and will eventually propel the country into the top position of the world's major auto exporters." **Exports accounted for 11.5% of China's total 2022 production of passenger cars and commercial vehicles**, which rose 3.4% year-on-year to 27 million. China's car market, the world's largest since 2009, has long been dominated by foreign brands such as Volkswagen, General Motors, BMW and Mercedes-Benz. However, the country's indigenous brands, such as BYD and Geely, are selling well, supported by a robust automotive supply chain.

Electric vehicles (EVs) have become a significant factor in China's car exports, with EV shipments surging 120% year-on-year to 679,000 in 2022, CAAM data showed. Citic Securities forecast in a research report last month that China's car export volume could hit 5.5 million units in 2030, of which 2.5 million cars would be electric.

UBS analyst Paul Gong said that Chinese EV builders have been racing ahead of their Japanese and South Korean rivals to tap Southeast Asian markets and also have plans to set up production bases and promote their vehicles there. "It is not just the beginning of the Chinese carmakers' global push," said Gong. "They are already the established market leaders in some Southeast Asian countries." BYD, backed by Warren Buffett's Berkshire Hathaway, dethroned Tesla as the world's largest EV maker in the second quarter of 2022, the South China Morning Post reports.

China builds world's first autonomous research ship

China has delivered the world's first seaborne drone carrier, the Zhu Hai Yun, capable of operating on its own. The unmanned carrier can be controlled remotely and navigate autonomously in open water. It will undertake marine scientific research and other observations. The Zhu Hai Yun entered its home of Zhuhai Gaolan port in Guangdong province on January 12 and was officially put into use after a year and a half of construction. Built by the Southern Marine Science and Engineering Guangdong Laboratory (Zhuhai), it is the world's first unmanned research ship with autonomous navigation and remote-control functions, and has been **awarded the first intelligent ship certificate by the China Classification Society (CCS)**.

The Zhu Hai Yun has been designed and constructed following the principles of green intelligence, scientific support for unmanned systems and a "sense of the future." Meanwhile, its power, propulsion, positioning , investigation support and intelligent systems have been independently developed by Chinese research teams. "This is the first professional sea trial of the Zhu Hai Yun, which aims to test its autonomous navigation performance and the launching of the unmanned craft," said Chen Dake, Director of the Southern Marine Science and Engineering Guangdong Laboratory.

For the first time, the carrier navigated autonomously for 12 consecutive hours, and realized obstacle avoidance and path planning. It achieved the desired effect and validated the design, Chen added. The 88.5-meter-long intelligent unmanned carrier has a designed displacement of about 2,100 tons and a top speed of 18 knots. The ship has a spacious rear deck, which can carry a variety of unmanned air, sea and submarine observation instruments. It can carry out comprehensive marine survey tasks, such as ocean surveying and mapping, ocean observation, sea patrol and partial survey and sampling, the Global Times reports.

China's foreign trade in goods up 7.7% in 2022

The General Administration of Customs (GAC) announced that despite multiple negative factors, China's goods trade surged 7.7% year-on-year to a record CNY42.07 trillion last year, making the country the world's largest trader in goods for the sixth consecutive year. In U.S. dollar terms, the growth rate was around 7%. The corresponding figure for December was CNY3.77 trillion, up 0.6% year-on-year, which also exceeded analysts' expectations. The country's exports achieved a double digit growth of 10.5% last year to CNY24 trillion, while imports rose by 4.3%. The trade surplus swelled to CNY5.9 trillion from 2021's CNY5.3 trillion. China's exports of solar cells, lithium batteries and automobiles increased by 67.8%, 86.7% and 82.2% respectively in 2022. Exports of labor-intensive products were also robust, with exports of bags, shoes and toys increasing by 32.6%, 24.4% and 9.1% respectively. Last year, China imported CNY3.19 trillion in energy products such as crude oil, natural gas and coal, accounting for 17.6% of the total import value. The import volume of agricultural products was CNY1.57 trillion, up 10.8% year-on-year, Customs data showed.

GAC Spokesman Lyu Daliang said at a news conference that China's foreign trade performance is underpinned by strong product competitiveness, an expanding domestic market and policies that will further invigorate foreign trade-related market entities. Zhou Maohua, Analyst at China Everbright Bank, said that despite some downward pressure, China's strong resilience in trade will lead to its expansion both in terms of scale and quality. "The global trade market is still growing. More importantly, China's trade with ASEAN and the Belt and Road economies is expanding stably, and its foreign trade enterprises have admirable flexibility and innovation capacity," he said.

GAC data showed that ASEAN remained China's largest trading partner in 2022, followed by the European Union and the United States. Trade between China and ASEAN grew 15% year-on-year in 2022, while trade with the EU went up 5.6% over the same period, and it grew by 3.7% year-on-year with the U.S. During a meeting with U.S.-China Business Council President Craig Allen via video link, Wang Wentao, China's Commerce Minister, said China and the U.S. share a wide range of common interests and room for cooperation. He urged the

U.S. to take a proper view of the opportunities that China's development has brought to the U.S. and the world, and get bilateral economic and trade relations back on track at an early date. Allen said he hopes that the two sides will enhance mutual trust, and strengthen communication and cooperation.

China's trade with ASEAN members, RCEP countries and Belt and Road economies will continue to be a bright spot in 2023, according to experts. "The entry into force of the RCEP agreement in Indonesia will boost regional trade. As time goes by, Chinese enterprises will get more familiar with the agreement to make better use of its trade liberalization and facilitation provisions," said Li Yong, Chief Researcher at D&C Thinktank, as reported by the China Daily and the Global Times.

World Bank predicts 4.3% GDP growth in China this year

The World Bank has forecast that China's economy will grow by 4.3% this year, then rise by 5% in 2024, the first major projection made after the country adjusted its Covid-19 policy, downgrading the management of Covid-19 from Class A to Class B on January 8. The National Bureau of Statistics (NBS) announced that China's GDP increased by 3% in 2022.

"Growth in China is projected to strengthen in 2023 as pandemic-related restrictions ease," the World Bank said in its latest Global Economic Prospects report. The semiannual report predicts that the expansion of GDP is set to slow in all major economies and regions, except China. Growth in the United States is set to fall to 0.5% in 2023, which will be 1.9 percentage points below a previous forecast and the weakest performance outside of official recessions since 1970, the World Bank said. For the eurozone, flat GDP growth is expected, which was also a downward revision of 1.9 percentage points. The projected growth of 4.3% for China in 2023 is 0.9 percentage point lower than the forecast the World Bank made half a year ago.

Globally, growth is slowing sharply in the face of elevated inflation, higher interest rates, reduced investment and disruptions caused by the conflict in Ukraine, with the growth in 2023 expected to slow to 1.7% from the 3% forecast six months ago. That would be the third-worst performance in nearly three decades, overshadowed only by the 2009 and 2020 global recessions, according to the World Bank. In November last year, weeks before China shifted its epidemic control focus from preventing infections to treating severe cases, the International Monetary Fund (IMF) predicted that China's economy would grow 4.4% in 2023, 1.7 percentage points higher than the projected global average of 2.7%, according to the IMF's World Economic Outlook. "There may be positive surprises to China's economic outlook. This includes an orderly easing of mobility restrictions followed by a strong release of pent-up demand for consumption and services," the report said.

A quicker-than-expected recovery in the country's real estate sector is another upside possibility, it added. The annual Central Economic Work Conference (CEWC), held in Beijing in mid-December, has made arrangements to defuse and prevent risks in the realty sector and ensure its healthy development, highlighting the principle that "housing is for living in, not for speculation". The meeting also announced increased efforts to widen market access and promote the opening-up of modern services industries. "There's no evidence that China is walking away from foreign markets. I expect Chinese production and exports to pick up in 2023," said Gary Hufbauer, Senior Fellow at the Peterson Institute for International Economics, while Jan Hatzius, Chief Economist at Goldman Sachs, expects a "kind of V-shaped recovery" in the Chinese economy, and forecasts a 5.2% growth for China this year, the China Daily reports.

Vehicle sales in China expected to grow by 3% in 2023

Vehicle sales in China are expected to grow 3% to 27.66 million units this year following a hard-won 2.1% growth in 2022. Automakers delivered 26.86 million vehicles in 2022, despite months-long production disruptions across the country caused by semiconductor shortages and the Covid-19 pandemic, said the China Association of Automobile Manufacturers (CAAM). The growth reflected strong market demand as well as favorable and timely policies rolled out by the government, said Chen Shihua, Deputy Secretary General of CAAM. The halved purchase tax, implemented from June to December, was estimated to have increased passenger vehicle sales last year by at least 1.45 million units, according to the China Passenger Car Association (CPCA). New energy vehicles (NEVs) saw "explosive" growth last year. A total of 6.89 million electric cars and plug-in hybrids were sold in 2022, up 93% year-on-year. They accounted for a quarter of total vehicle sales for the year.

The surging popularity of NEVs saw China's BYD overtake FAW-Volkswagen as the best-selling carmaker in China in 2022, with 1.86 million vehicles sold during the period, up 149% year-on-year. Chen said as both the macro-economy and consumer confidence will take a turn for the better this year, vehicle sales will grow accordingly in the country. Major carmakers share such optimism, especially with regard to NEVs. Great Wall Motors, China's largest SUV maker, expects to sell 1.6 million units this year, up from 1.06 million sold last year. It will launch 10 new NEV models this year. Volkswagen saw its China sales dip last year, but sales of its electric ID Series more than doubled. Ralf Brandstaetter, Chairman and CEO of Volkswagen Group China, estimates that one in three new passenger vehicles sold in China will be an NEV in 2023, up from one in four in 2022. "No other markets have seen such rapid NEV growth," Brandstaetter said, adding that the company is speeding up efforts to introduce new models to China this year, including the ID.7 sedan showcased earlier this month at the Consumer Electronics Show (CES) in Las Vega. By 2030, up to 40% of the group's models in China will be electrified, and it will invest up to €14 billion in e-mobility with its Chinese joint ventures by 2024, he added.

Paul Gong, Automotive Analyst at UBS, expects passenger NEV sales in China will reach 8.8 million units in 2023, accounting for 38% of total passenger vehicle sales. He said China's NEV exports will further grow in 2023 as well. Last year, carmakers in China exported 3.11 million vehicles, up 54% from 2021, of which 679,000 units were NEVs, the China Daily reports.

Traveling abroad essential for Chinese companies' orders

More and more Chinese exporters are preparing to travel abroad to expand their sales channels and are booking booth spaces at the offline China Import and Export Fair (Canton Fair) in Guangzhou, Guangdong province, this year. These efforts will enable them to conduct more face-to-face meetings with foreign clients, and better understand global market demand and challenges, said Lin Meng, Researcher of Supply Chain Management at the Chinese Academy of International Trade and Economic Cooperation in Beijing. Amid faltering global trade and softening demand for various goods, owners and sales managers of Chinese export-oriented companies in provinces including Shandong, Jiangsu, Zhejiang, Guangdong, Fujian and Sichuan have taken both chartered and commercial flights to several countries to participate in business events, such as the Asia Fashion Fair 2022 Tokyo, Food Ingredients Europe 2022 in Paris and China Homelife Dubai 2022 over the past two months. Together with the government's latest opening-up measures, these moves will help stabilize China's foreign trade in the first half of the year. Participating in international exhibitions can be a practical way for Chinese exporters to build relationships with new clients, judging from the deals sealed in overseas markets over the past two months, said Lian Ping, Chief Economist at Zhixin Investment. Facing fierce competition from Southeast Asian countries, high energy prices and surging inflationary pressure in the U.S. and Europe, China must step up its efforts to stabilize foreign trade and avoid a decline in foreign trade growth, said Lian.

The Zhejiang provincial government has made plans to organize more than 1,000 business delegations to explore overseas markets this year, with over 10,800 companies participating. "Support will be granted to companies in fields such as funding sources and approval processes," said Chen Zhicheng, Deputy Director General of the Zhejiang Provincial Department of Commerce. In December alone, Zhejiang's 20 economic and trade delegations attracted overseas orders valued at more than CNY18 billion. Planning to send 100 delegations and sales representatives from more than 1,000 companies abroad between January and April this year, Ningbo, one of Zhejiang's export hubs, has also set a goal to gain USD10 billion in foreign trade orders by the end of April, the China Daily reports.

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