

China Business Weekly

31 January 2023



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

FCCC/EUCBA ACTIVITIES

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

法蘭德斯 中國商會 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-中國商會春節晚會

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 **Mr 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、信息技术和設施部長

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晚會相見！

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

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-中國商會創辦成員和董事會成員

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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 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)

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- 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 Borgh**, 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 “Business in turbulent times from a port and China perspective”, Mr **Jan Van der Borgh**, 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

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



From left to right: Annalin Van Biesen (Flanders Investment and Trade), Niek Van Overberghe (MOLECUBES NV), Gwenn Sonck (Flanders-China Chamber of Commerce), Peter Tanghe (Flanders Investment and Trade)

On January 23, the **Flanders-China Chamber of Commerce (FCCC)** organized a networking dinner focused on: “China for Flemish Tech Companies: to avoid or to engage?” After an introductory speech by Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, Mr Peter Tanghe, Science & Technology Counselor for Flanders Investment and Trade (FIT) in China, shared his insights about the current state and future opportunities for Flemish tech entrepreneurs across different industries in Digital, Climate and Health Technology. An outline of his speech will follow next week. Then, Mr Niek Van Overberghe, Head of Sales, MOLECUBES NV, offered his first-hand perspective arising from Molecubes' experience in China.

Annalin Van Biesen is the new Area Manager East Asia of Flanders Investment & Trade (FIT). She introduced FIT and the subsidies companies can apply for.

Mr **Niek Van Overberghe**, said that Molecubes has a radically different approach by combining the latest advances in technology with user-friendly and compact systems. The company offers new insights by providing pre-clinical imaging solutions. It offers a comprehensive and fast way to visualize pathologies in 3D. The company was established in 2016 and has 25 employees. So far 137 CUBES have been installed. The company is active in more than 30 countries and its customers are large pharma and biotech companies. Molecubes won the “Lion of the Export” award in 2021.

Preclinical imaging is increasingly popular in China. In 2017, domestic pre-clinical products were launched. Since the first sale in the Chinese market in 2019, the company observed a rapid growth. It has a main distributor in Beijing, a local representative in Shanghai, and distributors and agents in other areas. Challenges in the Chinese market are the strong price competition of domestic manufacturers and a very aggressive and specification-driven market. Moreover, it is not easy to find a good service engineer fluent in a European language, and it is difficult to monitor and steer processes. A key learning is that in China timelines can be extremely accelerated and challenging projects are driven by collaboration between multiple institutions.

Sales pitches in English are difficult as less than 1% of the population speak English. Training a distributor is a good idea, but many distributors go bust within 3 to 5 years. If that doesn't work, hire an employee and treat them well. Setting up a wholly-owned local entity is not very complicated but it is useful to speak with Flanders Investment & Trade (FIT) to get recommendations. Provide detailed installation instructions and ensure the installation process can only be done in one way or local creativity will create problems that need to be solved by team Belgium. Remote support can be hindered by the Chinese firewall. It is difficult to contact end users unless fluent in Chinese. Local competition is largely on par with western technology. Import tax exemption is possible for academic customers. Soon after the first CUBE was installed in China, a similar device was introduced by a local manufacturer, but Molecubes' product is technologically advanced enough to ensure a 2 to 3 year head start.

A Q&A session and networking dinner concluded the event.

Are you interested in finding out more? Contact us via: info@flanders-china.be

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TRAVEL UPDATE

Notice for passengers traveling between China and Belgium



Hainan Airlines provided the following instructions for passengers traveling between China and Belgium

Notice for passengers traveling to China

Passengers leaving for China after December 27, 2022 must undergo a nucleic acid test 48 hours before departure, and passengers with negative results can come to China.

In order to ensure the health and safety of passengers during international travel, from January 17, 2023, the airlines with flights to China will be responsible for checking the paper certificate of the negative nucleic acid test within 48 hours before boarding. Please cooperate. The Chinese Customs will conduct spot checks on the certificates when the passengers enter the country.

Please read carefully and follow them to avoid affecting the trip.

Guidelines for the Prevention and Control of Epidemic Diseases of Passengers to China

1. About nucleic acid detection

A nucleic acid test shall be carried out within 48 hours before boarding. Passengers with negative results can come to China. Passengers with positive results should come to China after the nucleic acid test is negative. Please keep the negative test certificate properly and carry it with you for inspection.

2. Customs declaration

After obtaining the negative result of nucleic acid test, passengers need to fill in the Exit/Entry Health Declaration Card of the People's Republic of China through the WeChat widget "Customs Pocket Declaration", the APP or web version of the China Customs.

3. Boarding inspection

The airline will check the negative certificate of nucleic acid test within 48 hours when passengers board the plane. If passengers cannot show it, they are not allowed to board the plane.

4. Inflight epidemic prevention

Passengers should wear masks and personal protection during the flight to reduce the risk of infection.

5. Entry quarantine

After arriving at the port, the passengers shall complete the necessary customs clearance procedures with the health declaration code of the customs. The customs will spot check the negative certificate of nucleic acid test 48 hours before boarding. Passengers with normal health declaration and normal routine quarantine at the port can pass. Passengers with abnormal health declaration or fever and other symptoms shall be tested by the customs. Passengers with positive test results shall be isolated at home or residence or treated according to the notice. Passengers with negative test results shall be subject to routine quarantine by the customs in accordance with the Frontier Health and Quarantine Law and

other laws and regulations.

6. Territorial epidemic prevention

Passengers shall strictly comply with the requirements for epidemic prevention and control of the territory after entering the country.

Requirements for nucleic acid test certification

1. The name of the inspected person (should be consistent with the name on the travel document used for the flight to China), and the date of birth and the number of the travel document should be indicated.

2. It contains the following test information: test time or report issuing time (at least one time is within 48 hours before boarding), test method (should be nucleic acid test, do not accept antigen test), test results (should be negative, do not accept "uncertain" and "gray area" results), name and contact information of the test organization.

3. The certificate shall be in the official language or English of the departure place of the flight to China, and shall be checked by the airline of the flight to China.

4. It is a paper report. If the testing agency issues an electronic report, please print it and carry it with you.

Notice for passengers traveling to Belgium

From January 8 (there is no deadline for the time being, follow-up notice), Belgium will implement nucleic acid detection requirements for all passengers (including transit passengers) on direct flights from China to Belgium. If passengers fail to provide nucleic acid reports as required, the carrier shall refuse to carry them. If passengers still go to Belgium, they will be refused entry, as follows:

1. Age range: 12 years old and above

2. Test time limit requirements: the nucleic acid calculation rules for inbound passengers are valid within 48 hours before the planned departure time.

3. Other requirements for the nucleic acid test: the report shall be displayed in English or other official Belgian languages (French, Dutch, German), and Chinese only is not acceptable. In principle, the original report should be presented in the above languages. If a translation is provided, it must be signed and sealed by the issuing unit, otherwise it cannot be accepted. The nucleic acid report shall indicate that the detection method is PCR or NAAT or NAT.

Chinese visa application (information provided by the Chinese Embassy in Brussels)

1. Complete the visa application form online (https://bio.visaforchina.org/BRU2_ZH/), print the form and sign it.
2. The applicant himself/herself should go to the Chinese Visa Application Service Center in Brussels at the appointed time to submit the application and have ten fingerprints collected by the Center.
3. Submit application documents:
 - The printed application form completed online
 - The original passport and a copy of the information page
 - Proof of legal stay or residence in Belgium (for eligible third country citizens in Belgium)
 - Certificate of COVID-19 vaccination
 - For a business visa (M or F visa): an invitation letter from the business partner
 - For high-level foreign talent (R visa): confirmation letter for high-level foreign talent

Chinese Visa Application Service Center

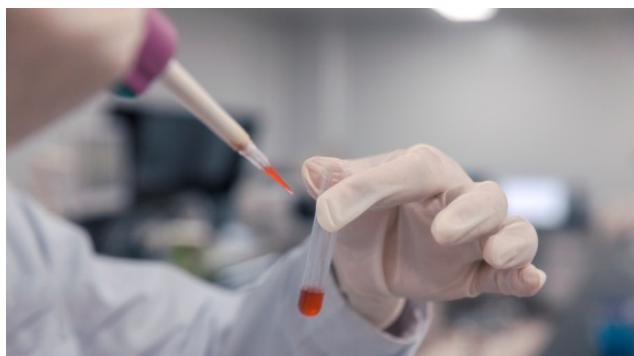
Address: No.109 Rue Neerveld, Woluwe Saint-Lambert, 1200 Brussels

Phone: 0032(0)27750888 Fax: 0032(0)27750880

Email: brusselscenter@visaforchina.org

HEALTH

Covid-19 has infected over 90% of Beijing residents



More than 90% of Beijing's 22 million citizens will have been infected with the coronavirus by January 31, according to an estimate by researchers from Hong Kong University (HKU). About 76% of people in Beijing had contracted Covid-19 as of December 22 and it was expected to reach 92% by January 31. The HKU study was published in the peer-reviewed journal *Nature Medicine* on January 13. The researchers tracked the reproduction rate of the Omicron variant BF.7 in Beijing in November and December, after China first eased and then abruptly abandoned its zero-Covid strategy that had been in place for nearly three years. The authorities released 20 measures on November 11 to optimize pandemic control, including restricting the scope of testing, reducing the quarantine period for inbound travelers, and simplifying risk classifications from three levels to two. On December 7, mass testing, lockdowns and centralized quarantine were scrapped, with people who have no or mild symptoms allowed to isolate at home.

There was a surge in cases across the country after the policy changes. The study estimates that the reproduction rate jumped from 1.04 on November 11 to 3.44 a week later – meaning that one person with the virus could infect 3.44 others. The authors said that since regular mass testing was suspended in late November, it was difficult to assess the transmission dynamics based on the daily infections reported by health authorities. Instead, they used a transmission model with real-time mobility statistics collected from Beijing's subway system as well as online survey data. They estimated that on November 30, when regular mass testing was suspended, the daily case number in Beijing was about 94,000. Their modeling showed an estimated peak of 1.03 million daily cases on December 11. Other big cities in mainland China are likely to mirror the situation in Beijing, according to the researchers.

The HKU estimate for Beijing is in line with previous

projections. Zeng Guang, former Chief Scientist at the Chinese Center for Disease Control and Prevention, told a virtual forum on December 27 that more than 80% of people in Beijing had likely been infected with Covid-19. "The first wave usually infects 30% of the population, but the infection rate of Covid-19 is rising faster than expected," Zeng said. Visits to fever clinics nationwide reached a peak of 2.87 million on December 23, 2022 and dropped to 63,000 on January 23, according to the latest report from China's CDC. Visits to fever clinics in rural areas reached a peak on December 23, 2022 at 922,000, declining 94.6% from their peak to 50,000 on January 23.

The number of positive cases reached 6.94 million on December 22 and then gradually decreased to 15,000. The positive test rate reached its peak on Dec 25 at 29.2% and then gradually declined, dropping to 5.5% on January 23. The number of deaths from Covid-19 infections in hospitals nationwide reached a daily peak of 4,273 on January 4 and then declined, falling to 896 on January 22, a drop of 79% from the peak, according to the China CDC. The number of patients hospitalized for Covid-19 nationwide reached a peak of 1.63 million on January 5 and then began to decline, falling to 248,000 on January 23. A Peking University study estimated some 900 million people had been infected with the virus up to January 11 – or 64% of the population – but reports on the study were taken down from Chinese websites.

China's National Medical Products Administration (NMPA) has granted conditional approval to two homegrown Covid-19 oral pills. One of the newly approved medicines, Xiannuoxin, was jointly developed by Sincere Pharmaceutical Group, headquartered in Nanjing (Jiangsu province), the Shanghai Institute of Materia Medica, the Wuhan Institute of Virology (WIV) and the Chinese Academy of Medical Sciences (CAMS). The new drug is a combination of simnotrelvir, a novel drug aimed at inhibiting the virus's replication, and a low dose of ritonavir, an antiretroviral medication already available on the market that can boost simnotrelvir's antiviral efficacy. The other new drug, VV116, was jointly developed by Shanghai Vinnerna Biosciences and other research institutes in Shanghai. The two oral pills will be used for mild and moderate Covid-19 adult patients. As of January 19, 10 domestically made Covid-19 drugs had either been granted official or conditional market approval or had been authorized to treat viral symptoms, according to the State Council's Joint Prevention and Control Mechanism.

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

INNOVATION

Innovation in China at 139% of U.S. level in 2020, up from 78% in 2010



China has often been dismissed by industrialized nations as a country that is adept at copying but weak at creating, crippled by a memorization-based education system, excessive respect for authority and a tendency to steal intellectual property. But a study by the **Information Technology and Innovation Foundation (ITIF)**, a non-partisan Washington-based think tank focused on U.S. science and technology policy, **found that China's innovation in 2020 was 139% of its U.S. equivalent, up from 78% in 2010.** Based on another metric accounting for the comparative size of their economies and populations, China's innovation output was three-quarters of U.S. levels, up from 58% in 2010. "China is evolving from an imitator to an innovator, following a path blazed by its Asian Tiger neighbors – but at a much larger scale, with far greater geopolitical consequences," said ITIF President Robert Atkinson, who co-authored the report along with research assistant Ian Clay.

China has already displayed great potential for global leadership in several key areas, including supercomputers, space exploration, artificial intelligence (AI), quantum computing and high-speed rail. **"Its innovation capabilities now threaten the global market share of firms from the United States and allied nations** in most high-value-added, advanced industries that are important to U.S. prosperity and security," Atkinson added. History abounds with developing countries hitting a roadblock, sometimes dubbed the "middle-income trap", in their bid to join the world's wealthiest and most technologically advanced economies. If China with its vast size and population can join that elite club, it would upend global geopolitics, supply chains and power balances for decades, according to the report, titled **"Wake Up, America: China Is Overtaking the United States in Innovation Capacity"**.

The cost for the U.S. or other advanced nations that lose their hi-tech competitive edge is significantly more consequential than losing ground in low-skill industries given the loss of good-paying jobs, the national security risks and how difficult it is to regain ground after falling

behind. Making a single dynamic random access memory semiconductor, for instance, requires more than 1,000 steps. China accelerated its innovation push under President Xi Jinping, crystallized with the 2015 release of its "Made in China 2025" report. While a blueprint for national advancement is laudable, the Foundation said, China's protectionist and "filching" policies, forced technology transfers, import barriers and subsidized national champions and state-owned companies were less so.

However, the analysis focuses on the 2010-2020 period and does not reflect programs, funding and initiatives put in place by the administration of President Joe Biden, including the Chips and Science Act, the Inflation Reduction Act, and the Infrastructure Investment and Jobs Act. Another challenge involving China, analysts said, is that its politics often drive tech policy, and Beijing can be adept at hiding weaknesses and avoiding transparency. This makes it **difficult to assess how far ahead or behind the U.S. is in various key areas relative to China.** "The U.S. also needs to prioritize thinking through its own technology policies, both from an investment standpoint at home and making sure that we do stay ahead," said Alexandra Seymour, Technology and National Security Analyst at the Center for a New American Security. "I don't think we've suffered from complacency, but we have had an awakening that this is something we need to prioritize."

Western leaders and technology experts have a long history of underestimating China. Measuring innovation is an inexact science, and China – like Japan and Taiwan before – has been accused of filing massive numbers of patents for bragging rights and to make it more difficult for foreign competitors to develop or implement their own inventions, utility models or designs. The Foundation examined 22 innovation-related indicators between 2010 and 2020, including venture capital, patents and the amount of value added in advanced industries. It concluded China was making significant gains by almost every indicator.

China's strongest inroads came in the number and quality of science and engineering articles, the number of patents worldwide related to a particular innovation and the fees it received for its patents and other advances. By 2020, China tallied more international patent families than the U.S. and published more scientific articles in all fields surveyed, other than in geology, atmospheric and oceanic sciences. **China accounted for 39.6% of the 1.7 million patents granted globally in 2021,** the World Economic Forum (WEF) reported in December, followed by North America with 19.9% and Europe with 11.8%. But the picture is mixed. China's research was less influential than American research in every field other than mathematics and statistics, the report said. It has also been weaker than the U.S. in translating innovation to high R&D industries and hi-tech exports, the South China Morning Post reports.

TOURISM

Chocolate town in Zhejiang is one of the largest in Asia



Aficion Chocolate Town in Jiashan county, Zhejiang province, is one of the largest of its kind in Asia. It features colorful windmills, castle-like factory buildings amid a sea of flowers, and the aroma of sweet chocolate permeating the air. **With an investment of some CNY900 million, the 29-hectare resort town is showcasing everything chocolate since 2014.** Couples can host chocolate-themed wedding ceremonies, children can learn how to design with chocolate, and tourists can learn all about the process of chocolate production, along with its history and culture, in a 156-meter glass passageway that provides a view of the town's world-class production line in operation. They can even get a taste of the tropics in a small forest in which tropical cocoa trees and coffee beans are grown in cooperation with the Chinese Academy of Tropical Agricultural Sciences.

"I have been in love with chocolate since I was very little," said **Mo Xuefeng, Founder of the chocolate town.** "My father gave me my first chocolate when I was in kindergarten, and the feeling was simply indescribable." As Mo grew up, his passion for chocolate intensified. In 2010, he enrolled at Boston University, pursuing a master's degree in finance. "While abroad, I became more interested in the chocolate culture of other countries, as well as its history and effects," Mo said. At the time, he visited all the chocolate factories and theme parks in the United States, as well as major chocolate museums in Switzerland, Belgium, the Netherlands and Germany, and cocoa plantations in Mexico. "Increasingly, I found that chocolate is not only just a kind of food but also a way of life," he said. Chocolate as both a treat and a tourist attraction is an embodiment of people's yearning for a better life. Mo said he hoped to bring the sweetness of life to more Chinese people.

Born in Miujia village in Dayun township, where the chocolate town is located, Mo, 37, was supposed to take over his father's business when he finished his graduate studies in Boston. "Naturally, he expected me to join him and continue what he had worked very hard to achieve," Mo said. A successful businessman running a leading company in the new materials industry, Mo's father didn't shoot down the chocolate idea when Mo first broached it.

Instead, he encouraged Mo to improve his business proposal and personally went on a field trip to more than a dozen chocolate factories in the United States and Europe before giving the nod. Importing some of the world's most advanced production equipment from Switzerland, Mo eventually chose his hometown as the place to build his chocolate dream.

In October 2014, Aficion Chocolate Town officially opened to the public. Since then, it has become a major tourist complex that can manufacture 20,000 tons of chocolate annually. It receives more than 2 million visitors a year, with revenues from chocolate sales and other spending hitting CNY2 billion. "Aficion is a Latin word that means affection or love. The reason it was chosen for the town's name is that I hope to share a chocolate-centered happy and healthy lifestyle with more people," Mo said. Mo's father now serves proudly as the Chairman of the company. "Without his understanding and guidance, the Aficion Chocolate Town would have never materialized," Mo said. The local government has provided invaluable support, he added, helping him secure a land lease and handing out tax credits worth tens of millions of yuan in the early stages. In more recent years, Mo has partnered with others to develop regular study trips and educational tours for children.

At present, Aficion chocolate products are sold in stores across China, especially in the Yangtze River Delta region. They have also been well received in Southeast Asia. In addition, like many other businesses that have seized upon China's booming e-commerce, Mo and his marketing team have opened online stores on popular platforms such as Taobao, JD and Pinduoduo. In roughly a decade, Mo's chocolates have sent sweetness not only to his customers, but also to local residents. "More than 200 jobs have been created for local villagers," he said. More than 60% of his employees are from nearby communities. Entrepreneurial platforms have also been set up in the town for villagers and university graduates to start their own businesses and explore better ways to boost rural development, Mo added.

Thanks to the chocolate town, the agritainment businesses in surrounding areas have also flourished.

Tourists from cities such as Shanghai and Hangzhou, only about 100 kilometers distant, are often drawn to local orchards to pick their own fruit – mostly strawberries and blueberries. They stay in B&B hotels to get a taste of pastoral life. Until 1994, Miujia village was one of 31 poverty-stricken villages in Jiashan county, with the income of its collective economy standing at less than CNY50,000 and per capita annual income lower than CNY1,000. By 2021, the village's collective income had jumped to CNY14.2 million, and per capita annual disposable income had grown to CNY53,000. As the zero-Covid policy has ended, Aficion Chocolate Town plans to introduce a variety of new products and welcome more people, the China Daily reports.

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CHINA NEWS ROUND-UP

China's carbon emissions to be used for green transport fuel

China, the world's largest carbon emitter, has the potential to become a major provider of green fuels which can help in the fight against climate change, but greater collaborative effort is needed to accelerate progress, according to Ludovic Renou, CEO of CMA CGM China, part of the French shipping firm CMA CGM Group. Carbon dioxide from the nation's factories can be captured and combined with green hydrogen to make low-carbon fuels such as synthetic methane and green methanol, Renou said. "China has one of the biggest feedstocks of raw materials for green fuels, this is where we need to see whether the feedstock can be transformed rapidly. We need collaborative working groups at multiple levels, provincial and national. Today, such effort is a bit lacking in structure, a bit individual and spread out."

CMA CGM Group, the world's third-largest container shipping company with a carrying capacity of 5 million TEU, said in September that it would create a €1.5 billion fund along with its partners to invest in fuel decarbonization technology ventures, as part of its efforts to achieve its net zero emissions goal by 2050. The investment to be made over five years will focus on scaling up production of green fuels, such as biofuels, biomethane, synthetic methane and green methanol, for use in ships, trucks, trains and aircraft. While green fuels made from agricultural or municipal waste have the potential to cut shipping carbon emissions by 67%, the current volumes are too small, Renou said. Meanwhile, synthetic production of green fuels that combine captured carbon emissions and green hydrogen can only be viable if the costs are cut substantially. "We are working with some potential Chinese partners to develop green energy. CMA CGM can commit to purchase green fuels from China under potential agreements," Renou said.

Last month, CMA CGM China and the Port of Shanghai signed an agreement to supply its berthed ships with onshore power at competitive prices, thus limiting the use of bunker fuel to generate electricity and reducing carbon emissions. The number of CMA CGM vessels likely to be hooked up to the onshore power supply in Shanghai is expected to rise to 50 by the middle of this year, from 13 at the end of 2022. Last March, one of its vessels became the first to be refueled with liquefied natural gas (LNG) in China, putting the nation's bunkering industry on course for its energy transition. LNG use in ships can reduce their carbon emissions by 20% compared with conventional fuel, the South China Morning Post reports.

European Commission launches fellowship on China

The European Commission has launched a fellowship on China to foster strategic cooperation with think tanks and universities on China-related issues and sinology in general. The goal is to tap into deep expertise on China from Europe and beyond and expand the knowledge base on China within the Commission. "It's to further deepen our understanding of China," Eric Mamer, Chief Spokesman of the European Commission, said. "China is obviously an extremely important country and partner of the European Union." Mamer added that while there is such expertise in the EU, the initiative could further reinforce it across a series of policy fields.

The Commission said the fellowships will group policy-oriented scholars from world-class think tanks and universities specializing in political, social, economics, digital technology, and environmental and climate matters, as well as China-related security and historical issues. The fellowships are based in IDEA (Inspire, Debate, Engage and Accelerate Action), an advisory body set up by Commission President Ursula Von der Leyen to provide ideas for core priorities, including geopolitics. The fellowships will have a dynamic structure with fellows joining over a period ranging from six to 12 months with the aim of bringing a specific expertise. Fellows, who will be paid, will be selected solely based on their competence and expertise. A maximum of 15 fellowships will be offered for each period. Mamer said that the first call for applications will be announced shortly. He added that the program is open to people who can prove that they have significant expertise on China in one or more policy areas listed.

Ding Chun, Director of the Center for European Studies at Fudan University, said the launch of the fellowships shows that the China-EU relationship is important to the EU. "It means that their current understanding and research is still not enough and needs to be strengthened," said Ding, who has participated in EU fellowships for Chinese scholars in the past decades. EU-China exchanges have been stepped up in the past months, with European Council President Charles Michel visiting Beijing on December 1, almost a month after a trip by German Chancellor Olaf Scholz.

On January 26, Fu Cong, the new Head of the Chinese Mission to the EU, presented his letter of credence to Ursula von der Leyen, the China Daily reports. China's ambassador to the European Union said that Beijing is committed to cooperation and dialogue with Brussels.

EU joins U.S. to deprive China of most advanced ICs

The EU is joining the U.S. to hinder China's acquisition and production of advanced microchips. "We fully agree with the objective of depriving China of the most advanced chips", **Thierry Breton, the EU's Internal Market Commissioner**, said in a speech at the Center for Strategic and International Studies (CSIS). "We cannot allow China to access the most advanced technologies. You will always find Europe by your side when it comes to ensuring our common security in technology," Breton added, warning that any action should be "limited to what is necessary from a security point of view". "I see a very strong alignment between EU and the U.S. on this agenda," Breton said of restricting China's access to technologies like microchips, quantum computing and artificial intelligence (AI). Citing successful transatlantic cooperation on 5G telecoms technology and semiconductors, Breton also urged a closer alignment on rare earths to "reduce collective reliance on Asia" despite "differences". Citing what he called "Chinese activism" in many mineral-rich African countries, Breton said that "we must develop another model, a new type of partnership to secure our supply chains".

Breton made his remarks just hours before reports emerged that **U.S. President Joe Biden had struck a deal with the Netherlands and Japan to restrict exports of some advanced chipmaking machinery to China**. The agreement, aimed at undercutting Beijing's ambitions to build its own domestic chip capabilities, would extend some export controls the U.S. adopted in October to companies based in the two allied nations, including ASML, Nikon and Tokyo Electron. "Talks are ongoing, for a long time already, but we don't communicate about this. And if something would come out of this, it is questionable if this will be made very visible," Dutch Prime Minister Mark Rutte said. "This is such a sensitive topic that the Dutch government chooses to communicate diligently, and that means that we only communicate in a very limited way," Rutte added.

In August, Biden signed the Chips and Science Act to bolster American semiconductor research, development and production through federal subsidies, both to cut China out of chip supply chains and to prioritize domestic manufacturing. **The EU is expected to pass its own version, the EU Chips Act, later this year**. The legislation hopes to double Europe's share of global chip manufacturing capacity to roughly 20%. In October, the U.S. restricted exports of high-end semiconductors and chip-making technology to China. The Biden administration has pressed Europe to take similar measures.

Earlier this month, Dutch Trade Minister Liesje Schreinemacher said that the Netherlands would not immediately comply with U.S. restrictions on China, and that it was consulting allies in Asia and the EU. Since 2019, the Dutch government has denied ASML Holding, the Netherlands' largest company and the world's leading manufacturer of hi-tech equipment used in producing most advanced chips, permission to ship its most advanced machines to China. However, ASML sold €2 billion worth of older machines to China in 2021, the South China Morning Post reports.

Consumption surges during Spring Festival week

China's consumption posted a remarkable rebound during the **2023 Spring Festival**, the most important holiday after the country optimized its Covid-19 response in December last year, sending out an encouraging signal about the swift recovery of the economy, which will also help lift up the global economy. During the previous three years' Spring Festival holidays people were encouraged to stay in their localities to prevent large-scale virus infections.

A total of 308 million domestic trips were made in China during the weeklong holiday, recovering to 88.6% of the level during the pre-epidemic 2019 Spring Festival, according to the Ministry of Culture and Tourism. Domestic tourism revenue generated during the holiday totaled CNY375.8 billion, or 73.1% of the level during the same period in 2019. Sanya, in Hainan, saw groups of tourists flying from across the country to enjoy sunshine as well as duty-free shopping. According to data from the Department of Commerce of Hainan, sales at the province's 12 offshore duty-free shops totaled CNY1.69 billion in the first five days of the holiday, up 20.03% compared with the 2022 Spring Festival, while up 325% compared with the same period during the 2019 Spring Festival.

Outbound travel bookings soared by 640% over the weeklong Spring Festival. Southeast Asian destinations were the favorites. Overseas hotel and international flight bookings were up by more than four times over the holiday from the year before. Apart from tourism and retail, the film market also got back on its feet during the seven-day holiday. The box office exceeded CNY6.734 billion, surpassing revenue of CNY5.8 billion during 2019 Spring Festival, according to box office tracker Denga Data. This year's Spring Festival holiday saw the second highest-grossing box office sales to date, Chinese ticketing platform Maoyan showed. Seven films hit the market during the Spring Festival.

"The consumption rebound shows that consumers' expectations weren't as seriously impacted as some analysts thought, and Chinese people's confidence in the sustainable development of the super-sized economy remains unchanged," Cao Heping, Economist at Peking University, told the Global Times. Meanwhile, the country's logistics sector is maintaining smooth operations to ensure the delivery of cargo at home and across borders. As China's economy continues to gather steam, international organizations and financial institutions project a higher growth rate for China this year. Economists projected that China's GDP growth may accelerate to 7.2% year-on-year in the second quarter, while the whole-year growth may hit 4.9%, the Global Times reports. Consumption contributed to 32.8% of China's economic growth last year, driving GDP growth by 1.0 percentage point.

EVs to make China the world's biggest car exporter

Growing exports of Chinese electric vehicles (EVs) could help China unseat Japan as the world's largest car exporter, analysts said. "Rising exports are a clear sign that Chinese carmakers' development and manufacturing capabilities have largely improved following four decades of efforts," said Chen Jinzhu, CEO of consultancy Shanghai Mingliang Auto Service. "Chinese companies like BYD and Geely will become strong contenders in the global automotive market."

China is now the world's second-largest vehicle exporter after overtaking Germany last year. It shipped 3.11 million units overseas in 2022, including 2.53 million cars and 580,000 commercial vehicles, an increase of 54.4% from 2021, according to the China Association of Automobile Manufacturers (CAAM). China is closing in on Japan's export volume, which recorded flat overseas car sales last year. Japanese carmakers shipped 3.2 million vehicles abroad in the first 11 months of 2022, almost unchanged from a year earlier, according to MarkLines, a car industry data provider. In 2021, Japan exported 3.82 million cars, and it is expected to post a year-on-year decline once the full-year results are tallied.

Citic Securities forecast in a research report last month that China's car exports could hit 5.5 million units in 2030, of which 2.5 million would be EVs. Amid slowing domestic sales in the latter half of 2022, exports gave a much-needed boost to the auto industry that provides one in every six jobs to the country's workforce of 870 million people. "Exports are a growth engine, as China's share of the global auto market continues to rise," Beijing-based research firm Gavekal Dragonomics said in a report earlier this month. "The country's prowess in EVs in particular has propelled sales in markets such as Europe, which now account for about a quarter of total auto exports." A complete supply chain, a strong EV battery sector and a focus on global expansion are helping Chinese carmakers to win market share abroad.

William Li, CEO of Nio, said the Shanghai-based start-up's EVs, which feature sophisticated in-car entertainment systems and autonomous driving technology, will appeal to customers in Europe and North America and drive export volumes by 2027. Since the early 1980s, China's car market has been dominated by foreign brands as their mainland ventures churned out millions of vehicles every year to take a lion's share of the world's largest automotive market.

In the first 11 months of 2022, foreign car brands still accounted for 50.8% of the market. However, it is a very different story in the EV segment, where Chinese brands enjoyed an 84.7% share in the same period, the South China Morning Post reports.

UN expects China's GDP growth to increase to 4.8% in 2023

World output growth is projected to decelerate from an estimated 3.0% in 2022 to 1.9% in 2023, while China's economic growth is forecast to accelerate to 4.8% this year, according to the UN World Economic Situation and Prospects 2023 report. Amid high inflation, aggressive monetary tightening and heightened uncertainties, the current global downturn has slowed the pace of economic recovery from the Covid-19 crisis, threatening several countries – both developed and developing – with the prospects of recession in 2023, according to the report. The U.S. GDP is expected to expand only 0.4% in 2023, after an estimated growth of 1.8% in 2022, while growth in China is projected to moderately improve in 2023.

In addition to the UN, **a number of global institutions also raised their China growth forecasts** as the country's economic activity quickly rebounded in the new year from the severe epidemic situation in the last month of 2022. According to the latest World Bank report, China's economy will grow by 4.3% in 2023, compared with the 2.7% of its previous estimate for China. "If the impact of widespread infections nationwide on GDP growth is limited in the first quarter, it is possible that 2023 growth could reach 6%," G. Bin Zhao, Senior Economist at PwC China, said. "After China's adjustment and optimization of its epidemic prevention policy, its economic activity gradually recovered. I have full confidence in national economic development in 2023, with the current forecast of economic growth reaching 5%," He Weiwen, Senior Fellow at the Center for China and Globalization, told the Global Times, adding that expanding consumption is the top priority this year.

Trip.com said that in the first four days of the Chinese New Year, bookings for hotels, B&Bs and tickets have surpassed the same period in 2019. Outbound flight bookings by Chinese tourists increased more than four times year-on-year, with Hong Kong and Macao among the top two popular destinations. The Maldives has welcomed the first flight of Chinese tourists since the pandemic began. Economist Tian Yun expects China's consumption in the first two months to probably rebound to about 5% growth year-on-year, the Global Times reports.

At least eight provincial-level regions in China saw their total GDP exceed CNY5 trillion in 2022, with both Guangdong and Jiangsu provinces reaching over CNY12 trillion. The figures show potential for growth, analysts said. Guangdong's total GDP is the largest for the 34th consecutive year at over CNY12.9 trillion in 2022, up by 1.9% year-on-year. Jiangsu had the nation's second-highest total GDP, reaching CNY12.29 trillion in 2022, accounting for about 10.2% of China's overall economy. When it comes to the growth rate, Fujian and Jiangxi provinces tied for first place, both reaching 4.7% year-on-year. Ten provincial-level regions saw growth of more than 4% last year – Fujian, Jiangxi, Hunan, Gansu, Shanxi, Hubei, Shaanxi and Yunnan provinces, and the Inner Mongolia and Ningxia Hui autonomous regions, the China Daily adds.

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