

China Business Weekly

28 March 2023



FCCC/EUCBA ACTIVITIES

Webinar: “How to enter the Chinese market: Different Channels and Approaches”
12 April 2023, 10:00-11:00 am CEST



The EU-China Business Association, the EU SME Centre in Beijing and the Flanders-China Chamber of Commerce are organizing a webinar on **“How to enter the Chinese market: Different Channels and approaches”** on **April 12, 2023 at 10:00-11:00 am CEST (4 pm Beijing time)**.

With China reopening its borders, many EU SMEs are once again eager to do business with the country. Identifying the right channel and most adapted platform to enter the Chinese market is of paramount importance, as **different paths are now open to SMEs that approach China for the first time**.

To help European businesses assess their options and find the strategy most suited to their profile, the webinar is focusing on how to evaluate available channels to enter the Chinese market. During this event, EU SME Centre Business Advisor **Alessio Petino** will present several entry paths and provide guidance to SMEs that would like to explore the possibilities offered by this market. This free webinar will be held in English. Registrations are open to all European SMEs and partner organizations of the EU SME Centre.

Agenda

10:00 – 10:15 Words of Welcome

Presentation of the **EU SME Centre** by Mr **Davide Orlandi**

Presentation of **EU-China Business Association**, by Ms **Gwenn Sonck**

10:15 – 10:45 How to Enter the Chinese Market, Different Channels and Approaches by Mr **Alessio Petino**, EU SME Centre Business Advisor

10:45 – 11:00 Q&A Session and Closing Remarks

Practical information:

Date: 12 April 2023

Time: 10h00 CEST (4PM Beijing time)

Location: Online

Price: Free

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ACTIVITIES SUPPORTED BY FCCC

6th China International Import Expo (CIIE) – November 5-10, 2023 – Shanghai



The 6th China International Import Expo (6th CIIE) is scheduled to be held physically in Shanghai during the period from November 5 to 10, 2023. Foreign companies including those from the Flanders region are most welcome to take active part in the Enterprise & Business Exhibition. Registration and application are now available and an early bird always catches the worm. We expect this year there may be many applications due to the reopening of China.

For the details of 6th CIIE, please download two documents for your kind information from the link <https://we.tl/t-G7L42Sn7Ap>. You may also visit the official website of CIIE for more information <https://www.ciie.org/zbh/en/>. We will keep you updated if there is more information including exhibition and/or supporting activities of the 6th CIIE.

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FOREIGN INVESTMENT

Foreign Minister Qin Gang promises better business environment for foreign companies



中国发展高层论坛
China Development Forum

China remains committed to a “healthy, stable and constructive” relationship with the U.S. amid still “chilly” bilateral ties, Chinese Foreign Minister Qin Gang said at a meeting with U.S. trade organizations and business representatives in Beijing. Qin assured

his audience that China will continue to build a better business environment for foreign companies from all countries, including the U.S., and to welcome the expansion of investments in China. The meeting came as China works to attract foreign investment at a time of slower economic growth, soaring local government debt, a shrinking population, high youth unemployment and global economic and geopolitical uncertainty. Among the American attendees were Cristiano Amon, President and CEO of Qualcomm; Albert Bourla, Chairman and CEO of Pfizer; Craig Allen, President of the U.S.-China Business Council, and Ray Dalio, Founder of the world’s biggest hedge fund Bridgewater Associates. Minister Qin said that China will ensure its major policies are stable and continuous, and he added that China will open even wider

to the outside world as the Chinese economy and society usher in a “strong recovery”.

All of this will benefit the American business community, Qin said, even though “regrettably, the current China-U.S. relationship remains as chilly in the early spring.” Qin said that China’s stance on bilateral relations has not changed. “China has always advocated for mutual respect, peaceful coexistence, and win-win cooperation between China and the U.S.” He called on Washington to stop trying to contain China and to work with China to return the world’s two largest economies, which have been enmeshed in an array of issues, to a healthy track. Earlier this month, Chinese President Xi Jinping directly accused the U.S. of leading other Western nations to suppress China’s development. During the meeting with Qin, **the U.S. business representatives said that “the U.S. and China are interdependent**, and their relationship is currently at a critical juncture”, according to the Chinese readout. They told Chinese officials that the American business community “is committed to preventing the two countries from falling into a cycle of mutual isolation and conflict”. To avoid such a conflict, **the U.S. delegation recommended greater face-to-face contact, more flights between the two countries, and deeper economic, trade and investment cooperation.**

The U.S. executives were in Beijing to attend the **China Development Forum**, an annual government-backed conference to promote policy exchange with foreign business communities. Apple CEO Tim Cook, in remarks at the high-profile forum, gave a show of support for China as a market and manufacturing base amid a fierce hi-tech war between the two powers. “Apple and China grew together,” Cook said. “This has been a symbiotic kind of relationship that I think we both enjoyed,” he said.

Vice Foreign Minister Xie Feng, who is expected to be Beijing’s next Ambassador to Washington, met with William Zarit, Senior Counsellor at the Cohen Group, and expressed the hope that the company will “make more contributions to the steady development of China-U.S. relations”. But global investors were also rattled by reports that the Chinese offices of New York-based Mintz Group, a due diligence firm, were raided and its Chinese staff detained. Washington is also threatening to ban the Chinese video app TikTok, to impose restrictions on exports to China of high-end semiconductors and chip-making equipment, to step up military activity in the Indo-Pacific region, and to limit U.S. investment in Chinese tech ventures.

Allen of the Business Council and Bourla of Pfizer also met Chinese Commerce Minister Wang Wentao, who said China will “unswervingly” expand opening-up, provide better services and environments for foreign firms and strive to create stable expectations for the cooperation between enterprises of the two countries. Allen and representatives of U.S.-funded enterprises said “they will continue their commitment to long-term development in China”. Bourla and Wang exchanged views on Pfizer’s investments and operations in China and cooperation between the two countries’ pharmaceutical industries.

Foreign direct investment in China rose 1% from a year earlier in the January-February period to USD39.7 billion after an 8% growth in 2022 to USD189.1 billion, according to China’s Commerce Ministry. But it fell to the lowest level in 18 years during the second half of last year, warned Shen Jianguang, Chief Economist at JD Digits. “In the medium and long term, the relocation of industrial chains has become a major trend under great power competition. Western countries have a clear strategy of ‘de-Sinicization’ in their industrial chains,” he wrote in an article published by the Financial Times.

Han Wenxiu, Deputy Director of the General Office of the Central Financial and Economic Affairs Commission, said that China is open to investment from all over the world, and is **offering foreign businesses the opportunity to catch “big fish” if they “deeply engage” in the domestic market.** He told the China Development Forum that the country would continue to expand market access and promote the “institutional opening up” of rules, regulations and standards. “We welcome companies from all over the world to invest in China, and we expect foreign investors to develop a long-term vision and be deeply engaged in the Chinese market, so they can cast a long line to catch a big fish,” Han said, according to Chinese media outlet Caixin.

Han added that China was a hotspot for overseas investors, attracting USD189 billion in foreign capital last year compared with USD144 billion in 2020 – a figure he described as the best example of foreign investors’ confidence in the country. But he warned that it had to overcome the economic impact of efforts by unnamed external forces to contain and suppress China and the country’s aging population. He said China will continue to nurture talent, encourage innovation and open up to enhance the economy’s momentum. Han concluded that “the Chinese economy is a powerful propeller and stable anchor for the recovery of the world economy,” the South China Morning Post reports.

TRAVEL

Beijing Daxing airport to add 20 overseas flights; Hainan Airlines flies daily from Brussels to Beijing Capital airport



Beijing Daxing International Airport will add about 20 overseas routes as the summer schedule starts on April 2, strengthening commercial and cultural ties between China and the rest of the world. Meanwhile, Hainan Airlines is now flying on a daily basis between Brussels and Beijing Capital airport.

A **Qatar Airways** flight from Doha landed on March 26 at Daxing airport, marking the **resumption of passenger services between the capitals of Qatar and China** for the first time since the start of the pandemic. Operated daily with a Boeing 777-300ER, the service provides customers with added options when planning travel to and from China. This also allows passengers from the Jing-Jin-Ji Metropolitan Region (Beijing-Tianjin-Hebei) to seamlessly transit to over 150 destinations in Europe, the Middle East, Africa and the Americas via Doha's Hamad International Airport. Beijing is the fifth gateway in China that Qatar Airways has resumed flying to since the pandemic began, which increases the airline's operations in the market to 39 weekly flights during the peak of the summer season of 2023. "We will launch more flights to China. During the peak of the IATA summer season 2023, there will be 39 routes to five cities, including Beijing Daxing and Guangzhou, making Qatar Airways the largest Gulf carrier to operate in China based on overall frequency," Chan Cheong Eu, Qatar Airways' Senior Manager for Sales, North Asia told the Global Times.

Air Macau also resumed flights from Beijing Daxing to Macao, followed by a route from Beijing Daxing to Phnom Penh run by Cambodia Airways. Etihad Airways, and Air

Asia will open flights from Beijing Daxing to Abu Dhabi and Kuala Lumpur this week. China Southern Airlines will start flights from Beijing Daxing to Moscow four times per week, and the frequency will be increased to daily from June 19. The carrier will also restart the Beijing Daxing to Amsterdam and Seoul Gimpo routes. More routes are expected to cover Osaka and London. A total of 169 domestic and foreign airlines will offer 117,222 passenger and cargo flights per week during the summer, data from the Civil Aviation Administration of China (CAAC) showed. In terms of international passenger transport, 28 domestic airlines plan to operate 6,772 international regular passenger flights every week, serving 101 cities in 55 countries and regions. There are 88 foreign airlines flying to China from 79 cities in 47 countries, and they plan to operate 3,808 regular passenger flights per week, the CAAC said, as reported by the Global Times.

The volume of airline passengers in Hong Kong in February increased 24-fold from the previous year, but the monthly figure still only accounted for 35.6% of pre-pandemic levels. Figures released by the Hong Kong Airport Authority showed a surge in traffic at the city's airport last month with 2.1 million travelers. The rebound came after Hong Kong began gradually rolling back its stringent coronavirus curbs towards the end of last year, including the lifting of most entry restrictions for foreign arrivals in December. Traffic to and from Southeast Asia and Japan had recorded the most significant increases. During the first two months of 2023, the city handled 4.2 million passengers, representing a 26-fold increase from the same period last year. The figures also showed the number of flight movements reached 32,520, up 60% from the year before. Quarantine-free travel between Hong Kong and mainland China resumed at four border crossings on January 8, and at all other control points on February 6, with the city scrapping all pre-departure testing requirements last month. According to the Hong Kong Tourism Board, the number of visitors to the city in February rose threefold to 1.462 million from January, exceeding 1 million for the first time since the start of the pandemic.

On a cargo front, the total volume, as well as the number of flight movements, in February respectively increased 6.7% and 95.7% to 290,000 tons and 16,305 cargo flights from the previous year, the South China Morning Post added.

IT & TELECOM

China warns the Netherlands it will retaliate if chip curbs go ahead

ASML

The Netherlands will face consequences if it blocks the export of high-end semiconductor equipment to China, Chinese Ambassador to the Netherlands Tan Jian said. The Hague announced new curbs on the export of chip-making technology this month, in step with the United States in curtailing China's access to cutting-edge chips. "This will not be without consequences. I'm not going to speculate on countermeasures, but China won't just swallow this," Ambassador Tian said in an interview with Het Financieele Dagblad. The move would be "bad for China, bad for the Netherlands and world trade, and will have a negative effect on our relations and economic cooperation. You are a small country, and you have always been the standard bearer for free trade. You maintain your lead by selling to China and reinvesting the proceeds. It is clear that the Americans are behind this. Their policy is to pressure allies and suppress Chinese growth through coercion, harassment and domination," Ambassador Tian said. "Let's not abuse the security argument. This technology is not that advanced at all; this is for consumer use. China has never harmed European interests for hundreds of years," he added.

The Netherlands is home to ASML, the world leader in producing the sophisticated photolithography machines that are essential to making advanced microchips. The chips power everything from smart devices and electric vehicles to data centers and space shuttles. They have emerged as a key battleground in the U.S.-China tech war, with Washington seeking to choke Beijing's access to both the chips and the equipment producing them. "Given technological developments and geopolitical context, the government has concluded that it is necessary for national security to expand the existing export control of specific semiconductor manufacturing equipment," Dutch Trade Minister Liesje Schreinemacher wrote to lawmakers. She said the ban would "prevent Dutch goods from being used for undesirable purposes, such as in military deployment or in weapons of mass

destruction".

EU Commissioner for Trade Valdis Dombrovskis said the Netherlands had reached out to the European Commission over the chip curbs. "The Netherlands has a leading role in this area of technology and we are aware of their recent announcement of new controls related to advanced chips and the tools to manufacture them that have a variety of applications in the military field," he said. "The Netherlands has been in contact with the Commission on this topic. We are now carefully analyzing the announcement. We always closely follow developments in this area and are in close contact with member states and our allies," he added.

The U.S. has been piling pressure on allies, including the Netherlands, Japan and South Korea, to follow its lead in curbing exports of chip-making equipment to China. The Dutch government said on March 8 that it would also restrict the export of deep-ultraviolet (DUV) lithography equipment. These are ASML's second most-advanced machines. It has never exported the most advanced ones – extreme ultraviolet (EUV) – to China. ASML, Europe's largest tech company by value, sends 18% of its orders to China, the South China Morning Post reports.

Huawei Technologies said it has developed electronic design automation (EDA) tools for chips above 14 nanometers by partnering with domestic companies, marking a crucial breakthrough for China's semiconductor industry. Dubbed the "cradle" of integrated circuits, EDA is software widely used in the sector and is of great importance to the entire process of designing chips. Xu Zhijun, Rotating Chairman of Huawei, said the company has completed the localization of EDA tools for chips above 14 nm by teaming up with domestic partners and will complete comprehensive verification this year. China has long relied on U.S. companies such as Cadence and Synopsys for EDA tools. The ones for 14 nm chips are considered mid-range products but it still marks a breakthrough, experts said. The progress in EDA tools is part of a broader push by Huawei to develop domestic development tools for hardware, software and chips in the face of the U.S. government's restrictions. Xu said the company has replaced 78 software tools affected by Washington's ban on domestically developed tools, which can ensure the continuity of its research and development (R&D) efforts, the China Daily reports.

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CHINA NEWS ROUND-UP

China Evergrande to restructure USD20 billion in offshore debt

Debt-laden property developer China Evergrande Group has announced plans for restructuring around USD20 billion in offshore debt, an important move for the group to resume normal operations. It could also be seen as a model for other struggling developers, industry experts said. This swap is an important move for Evergrande to resume normal operations, and could encourage other debt-stricken property players to consider similar moves, potentially improving the entire industry's health. Evergrande and its main creditors made progress by entering into binding agreements with bondholders for USD19.15 billion of notes the company had previously issued, Evergrande said. The company gave creditors a basket of options to swap their debt for new bonds and equity-linked instruments backed by the group and its two Hong Kong-listed companies, Evergrande Property Services Group and Evergrande New Energy Vehicle Group. It is expected a series of restructuring agreements will be reached with different groups of bondholders by March 31, before the restructuring starts on October 1, the developer said. "It is hoped that the proposed restructuring will alleviate the company's pressure of offshore indebtedness and facilitate the company's efforts to resume operations in order to resolve issues onshore," said Evergrande in a filing.

Yan Yuejin, Director of the Shanghai-based E-house China Research and Development Institution, said that "the disclosure of Evergrande's offshore debt restructuring plan means the group's overall debt restructuring is making progress against the background that the property sector identified its main task as preventing and mitigating risks." The plan will not only win more time for the group's debt disposition but allow Evergrande to focus on the delivery of residential projects in the coming three years, as the developer is striving to maintain normal operations of business and construction, Yan said. Although the long-awaited proposals could provide breathing space for the developer, "it's too early to say the balance sheet of Evergrande could recover fully", said Li Yujia, Chief Researcher at the Guangdong Planning Institute's Residential Policy Research Center.

With more than USD300 billion in total liabilities, including offshore debt, **Evergrande has been at the center of a property debt crisis in which multiple Chinese developers defaulted over the past year**, forcing many to enter debt restructuring talks, according to a Reuters report. Industry experts suggested the settlement of Evergrande's debt crisis will provide a template for other indebted enterprises in the real estate sector, and the Chinese property market as a whole. "It's good to see Evergrande seek solutions to the debt problem in a market framework and under the rule of law, instead of using administrative interference," said Li. Since its debt problems started to deteriorate in the second half of 2021, at least 20 months had passed before Evergrande came up with a clear debt restructuring plan, showing the complexity of the debt crisis and the large amount of capital involved, said Yan, as reported by the China Daily.

229 former Chinese billionaires drop out of Global Rich List

China lost 229 billionaires in the last year as a faltering economy, sliding stocks and a depreciating yuan hit the country's super-rich harder than their peers in any other nation, according to a new list published by Hurun Report. Chinese moguls accounted for more than half of the 445 people worldwide who lost their status as U.S.-dollar billionaires and dropped off the Hurun Global Rich List. The number represents the biggest decline in Chinese billionaires since the list was first published in 2013. China also added the largest number of new billionaires to the list, which is based on net worth as of January 16, with 69. **Zhong Shanshan, 69, Founder of bottled water brand Nongfu Spring, retained his position as China's richest person** with a fortune of USD69 billion, down 4% on year. He is the world's 15th richest person. The total wealth of the listed Chinese billionaires, which includes 77 people from Hong Kong and 46 from Taiwan, plummeted 15%, compared to a loss of 10% in net worth globally. A total of 26 Chinese tycoons rank among the world's 100 richest people.

"Interest rate hikes, the appreciation of the U.S. dollar, the popping of a Covid-19-driven tech bubble and the continued impact of the Russia-Ukraine war have all combined to hurt stock markets," said Rupert Hoogewerf, Chairman and Chief Researcher of Hurun Report. Tencent's Founder Pony Ma, 52, is in second place among Chinese billionaires, up two spots from a year earlier despite losing 25% of his net worth to USD39 billion. He is the 31st wealthiest person worldwide. ByteDance Founder Zhang Yiming, 40, dropped one place to third, as his wealth shrank by 31% to USD37 billion. Jack Ma, Founder of Alibaba, fell from fifth to ninth among Chinese billionaires, with his net worth dropping 32% to USD25 billion, which equates to 52nd place worldwide. In the 12 months up to January 16, the yuan depreciated 6% against the U.S. dollar, leading to shrinking fortunes for Chinese billionaires, as the list calculates net worth in U.S. dollar terms. Li Ka-shing remains Hong Kong's richest person and is placed 39th in the world, as his fortune declined 6% to US\$31 billion.

"Chinese entrepreneurs will actively look to expand abroad from this year as they have a global perspective," said Hoogewerf. "The reopening gives them opportunities to copy their growth model to other countries." Overall, **China remains the biggest source of known billionaires, with the total number standing at 969** – 40% more than the U.S. with 691. The two countries together account for 53% of the 3,112 billionaires globally. China surpassed the U.S. as the leading country on the list in 2016 and has retained the title ever since. Bernard Arnault of LVMH, with a net worth of USD202 billion, is the world's richest person, followed by Elon Musk with USD157 billion, the South China Morning Post reports.

Decathlon takes advantage of Chinese consumers' pursuit of healthier lifestyle

French sporting goods retailer Decathlon is upping the ante in China's sports market as local consumers' pursuit of healthier lifestyles is increasing and diversifying. With the government's push for a healthier population and people's soaring interest in sports, **the sports industry in China is undergoing a significant transformation and demand for various sporting equipment and services is rising steadily.** China's sports industry has shifted from the traditional mode of manufacturing sports products to a multi-structural model, including production, service and consumption, said Zhou Xing, North China Markets Leader at PwC China. According to the 14th Five Year Plan (2021-25), the total production value of China's sports industry is expected to reach CNY5 trillion by 2025, with sports consumption exceeding CNY2.8 trillion. Zhou said she believes more innovative products and business forms in the sports arena will be derived from its integration with technology, education, culture and tourism. However, she also noted that China's sports consumption market still has huge potential for growth as **per capita sports consumption in the nation is still far from that in developed countries.** According to a survey by the municipal government of Shenzhen, Guangdong province, in 2020, its residents spent an average of CNY3,175 on sports per year, while the figure in 2018 was more than USD1,345 in North America, she added.

To cater to the diverse and growing demand for sports and exercise, Decathlon China recently organized the campaign "Sport to Paris", together with the French Embassy in Beijing and related French consulates in China. The event, which is held in seven cities including Shenzhen, Beijing and Shanghai, demonstrates the health benefits of various sports such as paddle boarding, running, balance biking, skate boarding, cycling and hiking. "The government's strategy of 'Fitness for All' has gained great popularity. It has resulted in not only the improvement of people's awareness of sports and health, but also the diversification and upgrade of sports consumption," said Servando Quevedo Gonzalez, Vice President of Decathlon China.

He said the sports chain has developed both entry-level products and middle- to high-end professional-level equipment specifically to meet the needs of experienced players in the Chinese market. Moreover, he noticed that there are many untapped emerging niche markets. In addition to traditional sports, such as football, badminton and swimming, emerging sports such as camping, flying disc, paddle boarding and skate boarding have also attracted more attention from a wider audience, he said. China's outdoor sports industry, in particular, is bound to hit CNY3 trillion in value by 2025. Data from the General Administration of Sports (GAS) showed that more than 400 million people participated in outdoor sports nationwide by the end of 2021, the China Daily reports.

China Mobile increases its influence in setting global 6G standards

China Mobile is increasing its influence on the global telecom 6G stage by partnering with dozens of multinational telecom carriers and equipment makers to unveil the latest white book on the next frontier in wireless technology. The white book, "6G Requirements and Design Considerations", is also part of a broader push by China Mobile – the world's largest mobile carrier by subscriber numbers – to have a bigger say in drafting future global standards for 6G. The white book details the development path to achieve digital inclusion, energy efficiency, environmental sustainability and flexible deployment, as well as new requirements for future use, alongside proposed 6G system architecture and design considerations. The project is led by 16 telecom operators, including China Mobile, with 23 equipment manufacturers and 13 research institutions also taking part.

Currently, there is still no universally accepted definition of 6G, but the technology is expected to have far lower latency, higher speeds and more bandwidth than 5G. Yi Zhiling, Chief Scientist at the China Mobile Research Institute, said earlier that the next three to five years will provide a window for identifying crucial 6G technologies and lay a solid foundation for the industry. In the past, Chinese companies had worked with international organizations to establish standards for 3G, 4G and 5G technologies. They should increase their partnerships and cooperation with foreign counterparts "to promote the formation of globally unified 6G standards", Yi said. Jin Zhuanglong, Minister of Industry and Information Technology, said earlier this month that China had already established the IMT-2030 (6G) Promotion Group, a flagship platform in China promoting 6G and international cooperation, and will speed up the R&D of 6G technology.

As the next-generation mobile communication technology, 6G will integrate with advanced computing, big data, artificial intelligence and blockchain, according to a white paper issued by the IMT-2030 (6G) Promotion Group. The group said the world expects to see commercialization of 6G around 2030, and the 6G network will realize deep integration of the physical and virtual worlds, and build a new world featuring the intelligent connection of everything. Currently, China is at the global forefront of 5G development. The country had set up more than 2.54 million 5G base stations as of February, with mobile subscribers of 5G surpassing 575 million. China will build 600,000 5G base stations this year, the China Daily reports.

Cai Qi appointed President Xi's Chief of Staff

Cai Qi, China's No 5 leader and a former Party Secretary of Beijing, has been named President Xi Jinping's new Chief of Staff, the most senior official to be appointed to the role in more than 40 years. Cai accompanied President Xi on his state visit to Moscow and was referred to in his new capacity as Director of the General Office of the Central Committee of the Communist Party of China (CPC). The confirmation of Cai's

appointment comes about 10 days after Xi began an unprecedented third five-year term as President of China. The General Office is responsible for arranging important meetings and handling key documents, and has access to sensitive and confidential information. The Office is also responsible for the top leader's bodyguards and doctors. It also marks the first time that a Politburo Standing Committee Member will hold the title concurrently since Wang Dongxing, who served as Mao Zedong's Chief of Staff for over a decade from 1965. Cai takes over from Ding Xuexiang, who was confirmed as Executive Vice Premier on March 12 during the annual session of the National People's Congress (NPC).

Cai, 67, is a long-time Xi protégé whose political career has rapidly advanced over the past two decades. After spending nearly a decade at Xi's side when he led Fujian and then Zhejiang province, Cai rose from a modest provincial official to take the top job in Beijing within seven years. Cai is a native of Fujian province whose political career took off in 2014, when he moved to Beijing and was promoted to Deputy Director of the General Office of the National Security Commission, a body founded by Xi as part of his reforms of foreign policy security. He was later promoted to Mayor and Deputy Party Secretary of Beijing, in May 2017, further rising to become Beijing Party Secretary.

He was promoted to the Politburo Standing Committee at the Party's 20th five-yearly CPC National Congress in October 2022, after serving as the Beijing Party Secretary for five years. He also was appointed First Secretary of the Party's Secretariat, which runs the major day-to-day affairs of the Party. Cai will work closely with Xi and is likely to accompany him on most of his international and domestic trips, the South China Morning Post reports.

Presidents Xi and Putin pledge to increase bilateral trade, promote RMB

Chinese President Xi Jinping and Russian President Vladimir Putin pledged to "significantly increase" trade between their two countries by 2030, and Putin promised support for the wider globalization of the yuan, a move aimed at weakening the power of the U.S. dollar. "We are for the use of the Chinese yuan in settlements between Russia and Asian countries, Africa and Latin America. This practice should be further encouraged," Putin said. Both Presidents discussed security and economic issues, including energy, resources and information technology during Xi Jinping's state visit to Russia. The leaders also signed a joint statement pledging cooperation through 2030. "Both sides opposed any unilateral sanctions without authorization from the United Nations Security Council," the two leaders said in a joint statement. Xi also invited Putin to visit China for this year's Belt and Road Forum. The two leaders have met 40 times over the years. In their economic road map, the two sides prioritized eight areas: developing e-commerce and integrated logistics systems, while improving financial cooperation, energy and technology ties, industrial cooperation and food security.

The Chinese and Russian Presidents also pledged to improve cooperation in the regions surrounding their

shared 4,300 km border. They also vowed to "significantly increase the trade volume between the two countries by 2030". Two-way trade in 2022 rose 34.3% to a record high of CNY1.28 trillion. Chinese and Russian leaders have set a joint goal of USD200 billion in trade by 2024. Russia's economy has grown increasingly reliant on China. Russian imports from China rose 20% during the first two months of 2023 compared with the same period last year, even as China's imports of discounted Russian oil have softened the impact of Western sanctions that banned and set a price cap on oil products. "We will make more contributions to safeguarding global food security, energy security, and the stability of industrial and supply chains," Xi said at a news conference with Putin in Moscow.

President Putin noted that two-thirds of the trade between Russia and China is already in roubles and yuan, though analysts said much of that is largely in response to Western sanctions. At the start of 2022, more than 50% of Russian export settlements were in U.S. dollar, a figure that fell to around 35% by September, according to the Central Bank of Russia. Beijing has tried for years to chip away at the U.S. dollar's clout, hoping to supplant it with the yuan – including most recently with the introduction of a digital yuan. According to the International Monetary Fund (IMF), during the third quarter of 2022, the U.S. dollar made up 60% of official allocated foreign reserves worldwide, compared with 20% for the euro and 3% for the yuan. In 2020, Morgan Stanley predicted that the yuan could account for 5% to 10% of global foreign exchange reserve assets by 2030, the South China Morning Post reports.

The number of Chinese sellers on Russian e-commerce sites has grown rapidly in the past two years, and Chinese products account for a large share of Russia's global import volume. Ozon, founded in 1998, has become one of Russia's leading e-commerce platforms, with millions of visits per day. It has more than 32.7 million buyers and 180,000 sellers, offering over 150 million products. "We have created one of the most extensive and well-developed logistics and infrastructure networks in Russia," said Stepan Gusamov, CEO of Ozon Global, the platform's cross-border division. More than half of Russia's population of 146 million is covered by Ozon's delivery or pick-up points in more than 14,000 locations across the country, he added. Gusamov noted that China is the largest e-commerce market in the world, accounting for 46.3% of global retail e-commerce sales. Ozon Global opened an office in Shenzhen, Guangdong province, in November, Gusamov said. Chinese goods currently account for about 95% of Ozon's total orders, the China Daily adds.

Chinese central bank cuts reserve requirement ratio

The People's Bank of China (PBOC) reduced the reserve requirement ratio (RRR) for financial institutions by 0.25 percentage point on March 27 to keep liquidity in the banking system at a reasonably level. The one-year loan prime rate was kept unchanged at 3.65%. Continuous policy measures to protect China's economic recovery from external uncertainties can be

expected after the country's central bank strengthened policy support with a cut in financial institutions' required reserves, experts said. The decision to cut the RRR, which determines the amount of cash that banks must hold as reserves, has delivered a clear signal that Chinese policymakers are keen to maintain macro-economic policy support amid rising global financial volatility and economic downside risks, they said. **The move is estimated to release about CNY500 billion into the market**, helping stabilize borrowing costs and strengthen domestic banks' ability to counter any spillover of rising global financial risks, experts said.

"More importantly, the cut sends a signal that policymakers are taking a proactive approach to support the economy, as the relaxation comes even as economic and financial data is picking up," said Zhong Linnan, Senior Macroeconomic Analyst at GF Securities. More support in terms of monetary, fiscal and industrial policies may be in the pipeline, Zhong said, noting that the central bank has stressed that the cut is part of "an optimal combination of macro policies" to serve the real economy. Experts said it is possible that loan prime rates – China's market-based benchmark lending rates – may slightly decline this year and help bolster domestic demand.

Yan Se, Associate Professor of Applied Economics at Peking University's Guanghua School of Management, said that China's monetary policy is expected to remain relatively accommodative this year to expand domestic demand and consumption, which will be key to off-setting the downside risks facing exports because the stress on the international banking system can hinder global credit expansion and impair economic growth. As the U.S. Federal Reserve and other central banks have raised interest rates at the fastest pace in years to curb inflation, a growing number of banks are caught in a liquidity strain. Following the failure of U.S. lenders Silicon Valley Bank and Signature Bank, Swiss bank Credit Suisse reached a rescue deal for UBS to acquire it for CHF3 billion, the China Daily reports.

CATL launches mass production of cutting-edge Qilin battery

Contemporary Amperex Technology Co Ltd (CATL), the world's largest electric vehicle battery maker, has achieved mass production of its cutting-edge Qilin battery. Ni Jun, a company official at CATL, said that the first batch of Qilin batteries rolled off the assembly line earlier this month in the company's new intelligent factory. The factory is enabled by 5G and the latest smart manufacturing technologies, making an apparent improvement in production efficiency. Zeekr, an emerging Chinese automaker owned by Geely Automobile Holdings, also said that the company's first model using Qilin batteries, the Zeekr 009, is expected to roll off the assembly line in the second quarter. The automaker added that orders for the Zeekr 009 with Qilin batteries are "higher than expected".

The Qilin battery, with an efficiency of 72% and an energy density of up to 255 watt-hours per kilogram, is claimed to have the highest efficiency globally. It was recently listed among the Best Inventions of 2022 by Time magazine. Jiang Yifan, Investment Consultant at Guotai Junan Securities, said that "the technical indicators of the latest Qilin battery are basically 10% to 15% higher than traditional lithium-ion phosphate batteries, so there's no doubt it is a **big step forward for the battery industry.**" Based on CATL's cell-to-pack (CTP) technologies, the battery can deliver a driving range of over 1,000 kilometers. CTP refers to the direct integration of cells into a battery pack, without the modules. With the boom of electric vehicles globally, the Ningde, Fujian province-based company maintained growth momentum. According to a report from market consultancy SNE Research, Chinese companies accounted for six of the top 10 battery makers globally in terms of installations last year, with CATL again ranking at the top with a market share of 37%.

Last month, CATL licensed its EV battery technologies to U.S. automaker Ford Motor for the latter's battery factory in the U.S. state of Michigan. Lyu Xiang, Researcher at the Chinese Academy of Social Sciences (CASS), said: "It kills two birds with one stone. It not only enables Ford to obtain various subsidies promised in the Inflation Reduction Act passed last year, but also helps CATL to avoid foreign investment security reviews to reduce some risks", the China Daily reports.

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