

China Business Weekly

31 October 2023



FCCC NEWS

Appointment of new Chairman of the Flanders-China Chamber of Commerce



On November 1, 2023, Mr. Kurt Vandeputte is resigning as Chairman of the Flanders-China Chamber of Commerce (FCCC) as a result of leaving Umicore for another opportunity abroad. The Board of Directors of the Flanders-China Chamber of Commerce expressed its profound thanks to Kurt for his outstanding efforts as Chairman of the FCCC in the past years and wishes him every success in future.

As of November 1, Mr. Philippe Latour takes over as Chairman of the FCCC. Mr. Latour is Executive Advisor to the Group CFO of Ageas, primarily handling Asia- and China-related matters. Philippe has gained much experience and knowledge of Asia over the past decade, first as Managing Director Strategy and M&A in Asia and then as CFO for Ageas in Asia. He has served as a member of the Board of Directors of several insurance companies in Asia, a.o. in Hong Kong and in China.

Philippe Latour said: "I am delighted and honoured to take on the role as Chairman of FCCC, a role which I intend to carry out with commitment and enthusiasm. The FCCC already performs excellent work, promoting business between Flanders and China, and I am looking forward to further strengthen the dialogue and networking between Flemish and Chinese businesses, academic organisations and official communities. It is the FCCC mission to help Flemish companies succeed in the China market and to help foster partnerships between Chinese business leaders and FCCC members. China is, and will remain, a hugely important market for businesses of all shapes and sizes across an important range of industries and sectors."

Appointment of new Member of the Board of the Flanders-China Chamber of Commerce



As from November 1, 2023, Ms. **Nathalie Bortels**, Global Operations Director, **Umicore** Marketing Services, is appointed as a Board Member of the Flanders-China Chamber of Commerce (FCCC).

Umicore has been represented on the FCCC Board by Mr. **Kurt Vandeputte**, Senior Vice President Battery Recycling Solutions at **Umicore**, and also Chairman of the FCCC. Mr. Vandeputte is standing down both as Chairman of FCCC and as a Board Member since he is leaving **Umicore** to pursue other opportunities abroad. The Board of Directors of the FCCC express their profound thanks to Mr. Vandeputte for his outstanding efforts as Chairman of the FCCC in the past years and wish him every success in future.

We would like to welcome Ms. Bortels as our new Board Member, and we look forward to a productive and prosperous collaboration as we continue to forge strong commercial ties between Flanders and China.

FCCC ACTIVITIES

The 9th Europe Forum 2023 – 14 November 2023 – Brussels



The China Europe International Business School, the EU-China Business Association and the China Chamber of Commerce to the EU have the pleasure to invite you to join us on November 14, 2023, in Brussels for the CEIBS Insights

9th Europe Forum on the theme of Mutual Trust and Win-Win: Toward Another 20 years of EU-China Economic Cooperation.

The comprehensive strategic partnership between the European Union (EU) and China turns 20 this year. Over the past two decades the EU and China, two of the world's leading economies, have engaged in mutually beneficial cooperation in a win-win manner and achieved significant success in fields such as politics, economy, culture, and science. As of the end of 2022, the EU-China bilateral trade volume reached USD847.3 billion, with each side the second-largest trading partner of the other. The stock of two-way investment between China and the EU has exceeded USD230 billion, benefiting people on both sides and contributing greatly to world peace and economic prosperity.

Looking ahead, the two sides hold great potential for cooperation and share common interests in promoting economic growth and financial stability, coping with the energy crisis, curbing inflation, and pursuing green and digital transitions. As such, they have decided to set up a financial working group under the China-EU High-Level Economic and Trade Dialogue (HED) mechanism to strengthen cooperation in financial areas such as financial liberalization, infrastructure, and regulation, as well as sustainable finance and fintech. However, some tension does exist within the relationship – EU authorities have recently opened an anti-subsidy investigation into Chinese electric car imports, for example.

The China Europe International Business School (CEIBS) is a global business school jointly founded by the Chinese government and the EU in 1994. It represents a major success in China's opening up and cooperation with the EU in the field of education. With our 30th anniversary around the corner, CEIBS has decided to return to Brussels to hold our 9th Europe Forum and invite guests from the EU and China's political, business, and academic sectors to analyze the journey of the China-EU Comprehensive Strategic Partnership over the past 20 years, envision the prospects for extensive cooperation between the two sides over the coming 20 years, and explore a path towards a stable and far-reaching China-EU relationship amid changing times.

Agenda

Host: Dominique Turpin, President (European) & Professor of Marketing, CEIBS

09:00-09:30 Check-in & Networking

09:30-09:40 Welcome Addresses by **Wang Hong**, President & Professor of Management, CEIBS and **Gwenn Sonck**, Executive Director, EU-China Business Association

09:40-09:50 Keynote Speech 1: **Fu Cong**, Ambassador of the Mission of the People's Republic of China to the European Union

09:50-10:00 Keynote Speech 2: **Jorge Toledo**, Ambassador of the European Union to China

10:00-10:50 Panel Discussion 1: **Creating Stronger EU-China Economic Ties**

Moderator: **Dominique Turpin**, President (European) & Professor of Marketing, CEIBS

Panellists:

- **Luisa Santos**, Deputy Director General, Business Europe
- **Davide Cucino**, President Emeritus, European Union Chamber of Commerce in China
- **Xu Lin**, General Director of Department of Fiscal and Financial Affairs, National Development and Reform Commission
- **Rui Meng**, Professor of Finance and Accounting; Parkland Chair in Finance, CEIBS

10:50-11:40 Panel Discussion 2: **Climate Change Challenges and EU-China Green Energy Cooperation**

Opportunities

Moderator: **Ivan Hodac**, Founder and President, Aspen Institute Central Europe

Panellists:

- **Jos Delbeke**, Former Director-General of the European Commission's DG Climate Action
- **Li Junfeng**, Founding Director, National Center for Climate Change Strategy; Executive Director, China Energy Research Association
- **Gabrielle Gauthey**, High Representative of the Chairman and CEO to the European Institutions & SVP of European Affairs, Total Energies
- **Kong Manqing**, Chairperson, Shanghai TELD New Energy Co., Ltd; CEIBS Alumna

11:40-12:00 **Closing Keynote Speech** by **Pascal Lamy**, Former DG of WTO; Distinguished Professor, CEIBS; Vice-President of the Paris Peace Forum; Coordinator of the Jacques delors Think Tanks (Paris, Berlin, Brussels); Former Trade Commissioner (European Commission)

12:00-12:10 **Closing Remarks** by

- **Eric Cornuel**, President of EFMD; Member of CEIBS Board of Directors
- **Xu Chen**, Chairman, China Chamber of Commerce to the EU

* Speakers are subject to change

Event Details

Date: Tuesday, November 14, 2023

Time: 09:00-12:10 (Brussels time)

Venue: Townhall Europe, Square de Meeûs 5-6, 1000 Brussels

Language: English and Chinese (with simultaneous translation)

Contact: For more information, please contact Vittoria HUANG at hvittoria@ceibs.edu

Subscription is free of charge

[SUBSCRIBE HERE](#)

In-person event: China's Unique 'Recession' **16 November 2023 – 17h30 – KBC Bank – Ghent**



The **Flanders-China Chamber of Commerce** and **KBC Group** – with the support of Flanders Investment & Trade – are organizing an in-person event which will take place on **November 16, 2023** at **17h30 CET**, at the KBC Arteveldestoren, Maaltekouter, 9051 Gent.

Our distinguished speaker, Mr. **Hans Dewachter**, Chief Economist, KBC Group, will deliver a speech focussing on "China's Unique Recession".

China may not be in a technical recession, but the real estate crisis, which is compounding the problem of a highly indebted household sector with limited appetite for consumption, has kicked up fears of a balance sheet recession. The usual policy prescription for a balance sheet recession - stronger fiscal stimulus to counter private sector deleveraging - requires nuance in China's case. With China's SOEs and local government financing vehicles (LGFVs) already over-indebted, appropriate fiscal stimulus needs to come from the central government, and needs to target the household sector and private enterprises. The government does have the tools to mitigate spillovers from the real estate sector, but the question remains of whether or not they will follow through.

The programme is as follows:

17h30-18h00: Registration

18h00-18h10: Welcome address by Ms. **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

18h10-19h00: Keynote speech by Mr. **Hans Dewachter**, Chief Economist, KBC Group

19h00-19h15: Q&A Session

19h15-20h30: Networking reception

Practical information:

Date and time: November 16, 2023, 17h30 - 20h30

Location: KBC Arteveldestoren, Maaltekouter, 9051 Gent.

Price for Members: Free of charge

Price for Non-members: €65 excl. 21% VAT (€13.65)

[SUBSCRIBE HERE](#)

PAST EVENTS

FCCC Industry Group Visit to Weihai, Shandong Province

19-20 October 2023 – Weihai



The Flanders-China Chamber of Commerce recently organised a two-day visit to Weihai City, Shandong Province,

from 19 to 20 October 2023. The FCCC was represented by Ms Gwenn Sonck, Executive Director. Three Flemish SMEs participated in the visit: **Deroose Plants; Marelec Food Technologies; and PB Leiner**. They gained an excellent understanding and appreciation of Weihai's unique investment environment from meetings with leaders of the Municipal Bureau of Commerce, as well as having a very good and encouraging meeting with **the Mayor of Weihai, Mrs Kong Fanping**. The FCCC was represented by Ms **Gwenn Sonck**, Executive Director.

The participants visited biotech, agricultural and fish processing companies. They met with potential customers and partners, identifying within those companies the right person to forge potential cooperation. The participants also visited industrial parks such as the Weihai Economic and Technological Development Zone and met with different district leaders to learn more about Weihai's industry and development.

"Our visit with FCCC to Weihai was very useful, highlighting the region's agricultural focus and the potential for horticultural innovation, reinforcing Deroose Plants' leadership in tissue culture R&D and sowing the seeds for future collaborations that promise to enhance local production and market expansion", said **Lucas Van Haelewyn**, PhD, Managing Director, China, and Director Corporate Projects, **Deroose Plants**.

"The FCCC provided us excellent access to potential clients and important customers and acted as a bridge to further develop our business in Weihai", said **Henry Ye**, Managing Director, **PB Leiner China**.

"Due to the efficient and dynamic Weihai authorities and the very business-friendly investment environment, our members Bekaert and Beaulieu have major investments in the city", said **Gwenn Sonck**, Executive Director FCCC.

Over the past 10 years, the Flanders-China Chamber of Commerce and the Weihai Foreign Investment Bureau have formed a strong bond to help build and then strengthen trade relations between both sides and to introduce each other's investment environments.

The leading eight industrial clusters of Weihai are:

- Advanced equipment and intelligent manufacturing
- New medicine and medical devices
- New generation of information technology
- New energy
- Carbon fibre and other composite materials
- Marine life and healthy food
- Fashion and leisure sports
- Health tourism

If you are interested to learn more about the Weihai investment environment or to expand your business in the city, please send an e-mail to: gwenn.sonck@flanders-china.be.

Understanding China Conference – 24 & 25 October 2023 – Brussels & Online



Congratulations to the EU SME Center for organizing the interesting 'Understanding China Conference' in Brussels!

It was a pleasure to moderate the session on the business and policy environment for European SMEs in China with experts Ester Cañada Amela (EU SME Centre) Marco Bettin (Italy-China Council Foundation), Bernardo Mendia (Portugal-China Chamber of Commerce) sharing their views based on the surveys they have done among their member companies.

"China is not a side project. To succeed, you must understand the market and do your homework". I advise business leaders to do the EU SME Centre's Self Diagnosis tool: "Are you ready for the Chinese market?"

ACTIVITIES SUPPORTED BY FCCC

China International Supply Chain Expo – 28 November – 2 December 2023 – Beijing



Organized by CCPIT, CISCE 2023 will be held in Beijing from November 28 to December 2 this year with the theme of “Improve the performance of Global Supply Chain, Promote World Economic Recovery”. As the world's first national comprehensive professional expo on the theme of the supply chain, CISCE 2023 will focus on strengthening international cooperation in the industrial chain and the supply chain, enhancing the resilience and stability of the global supply chain, jointly exploring new solutions to maintain the security, stability, and unimpeded global industrial chain and supply chain. It will gather broad common consensus, expand open cooperation, seek mutual benefits and a win-win situation, and promote world economic growth.

The CISCE focuses on five major areas: Smart Vehicle, Green Energy, Green Agriculture, Digital Technology, and Health Care. The exhibition and forum will be organized at the same time.

Unlike traditional expos, the CISCE is an open international platform that integrates the upstream, midstream, and downstream sectors, connects small, medium, and large enterprises, promotes industry, academia, and research collaboration, and facilitates interactions between Chinese and foreign enterprises. Regarding the latest information on CISCE, the specific agenda has not been released yet.

You can visit the expo website at <https://en.cisce.org.cn/>.

MEMBERS' NEWS

International Award for Prof. Luc Tuerwe



On October 23, the ‘**Shanghai International Science and Technology Cooperation Award**’ was handed over to Em. Prof. Luc Tuerwe, Director of the East Asia Platform of Ghent University. The ceremony took place at Tongji University in the presence of H.E. Mr. Bruno Jans, Belgian Consul General in Shanghai and Prof. Xianzhong Zhao, Vice President of

Tongji University. It is the first time that the award competition was open for overseas scientists who made unique contributions to the scientific life of Shanghai.

Prof. Taerwe has a long-standing scientific cooperation with Tongji University in Shanghai, which is the number one in civil engineering in China. In 2017 he was the co-founder of the Sino-Belgium Joint Laboratory for Industrialized Construction incorporating the State Key Laboratory for Disaster Reduction in Civil Engineering at Tongji University, the Magnel-Vandepitte Lab for Structural Engineering and Building Materials at Ghent University and Shanghai Construction Group. He was the (co)supervisor of more than 20 Chinese PhD students. He also established cooperation with several other universities in China.

ECO3 Group Weihai Visits



On October 22, Jens Knoell (Chairman of the board of ECO3 Global), Christian Tebroke (CEO of ECO3 Global), and others exchanged views with Jianbo Yan (Municipal Party Secretary of Weihai), on deepening cooperation in the field of new materials. Yong Deng (Vice Mayor of Weihai) was present at the meeting.

Before the meeting, ECO3 Group and Weiqiao Pioneering Group had extensive and in-depth discussions on aluminum plate processing and supply. The two sides will continue to maintain communication to further expand the opportunity for cooperation.

Jens Knoell said that although this was his first visit to Weihai and he could only stay for three hours, Weihai left a deep impression on him, especially its well-organized urban planning and clean and tidy cityscape.



“ECO3’s cooperation with Weiqiao in aluminum processing in China is going well, and we are exploring the possibility of expanding this cooperation to other ECO3 factories around the world, and we hope that the cooperation with Weiqiao will be successful. I’m a firm believer that with a deeper understanding between the two sides, we can have more cooperation in more aspects.” (Jens Knoell, Chairman of the Board of ECO3 Global)

During the meeting, Jianbo Yan briefly introduced the economic and social development of Weihai. He said: “Weihai has obvious advantages in opening-up, industrial structure, scientific and technological innovation and other fields. We are making every effort to promote green, low-carbon and high-quality development. ECO3 is a global company, has strong market competitiveness on printing and other business. We hope that ECO3 will continue to pay attention to Weihai, comprehensively deepen exchanges and cooperation with Weihai enterprises, and promote Weihai with more partners. The Weihai government will do its best to ensure service, continuously optimize the business environment, and achieve

win-win cooperation between the two sides.”

Mr. Zhiqiang Huang (CEO of ECO3 Asia), Arnauld Poitel (Global Head of Business Development, ICS & Purchasing), Freddy Fang (CFO & Member of JV Exco Committee, ECO3 Asia) and Elisabeth Erreygers (ESG Manager) joined the meeting.

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

SEMICONDUCTORS

YMTC manufactures world's most advanced 3D NAND memory chip in “surprise technological leap”



Yangtze Memory Technologies Co (YMTC), China's leading memory chip producer, has manufactured the “world's most advanced” 3D NAND memory chip known to be in a consumer device in a “surprise technological leap”, according to a report by TechInsights. YMTC's memory chip, found in a solid-state drive launched quietly in July, shows that the manufacturer has continued to develop advanced technology despite being hampered by sanctions after it was placed on the U.S. Commerce Department's Entity List. The development follows an earlier teardown analysis by TechInsights of the Kirin 9000S 5G processor found in U.S.-blacklisted Huawei Technologies' Mate 60 Pro smartphone released in August, which was said to be made by Chinese foundry Semiconductor Manufacturing International Corp (SMIC). The powerful home-grown chip surprised many industry analysts given the tough U.S. restrictions in place.

“Like the innovation revealed by TechInsights in the Huawei Mate 60 Pro's HiSilicon Kirin 9000s processor (which used the SMIC 7-nm (N+2) process), evidence is mounting that China's momentum to overcome trade restrictions and build its own domestic semiconductor supply chain is more successful than expected,” said TechInsights in its report. 3D NAND memory is at the forefront of memory chip design and is an important component for high-performance computing in applications such as artificial intelligence (AI) and machine learning.

YMTC and 21 other “major” Chinese players in the chip

sector were added to the U.S. Entity List in mid-December 2022 amid escalating trade and geopolitical tensions between the world's two largest economies. At the time, the Wuhan-based chip manufacturer had been on track to challenge memory chip leaders Samsung Electronics, SK Hynix and Micron Technology with a new flagship 3D NAND flash chip, the 232-layer X3-9070. Prospects for mass production of this chip faltered after U.S. equipment suppliers KLA and Lam Research stopped sales and services to YMTC. However, a recent downturn in the memory chip market and a renewed focus on cost-saving measures in the industry, may have provided YMTC with an opportunity to pull ahead with a more advanced, higher-bit density chip, according to TechInsights.

YMTC's latest progress in memory chip advancement was first reported in April when unnamed sources told the South China Morning Post that YMTC had doubled down on efforts to work with Chinese suppliers to help manufacture its most advanced chips. This effort was based on YMTC's “Xtacking 3.0” architecture and the sources said progress had been made in a top-secret project code-named Wudangshan. The project intended to use Chinese equipment only. YMTC placed big orders with domestic equipment suppliers, including Beijing-based Naura Technology Group, a leading Chinese maker of etching tools, which are also the primary product lines of U.S.-based Lam Research.

However, at the time, **analysts flagged many outstanding choke points in China's chip manufacturing supply chain**, such as the lack of viable domestic Chinese alternatives for chip-making tools, such as lithography systems available from Dutch company ASML Holding. The Dutch firm has a near monopoly position in the production of the world's most advanced extreme ultraviolet (EUV) lithography machines. TechInsights did not comment in its report on whether YMTC's memory chips are thought to have been produced with exclusively Chinese-manufactured tools and components.

Bloomberg released a report citing unnamed sources that said SMIC had used retooled equipment from ASML, specifically its deep ultraviolet (DUV) lithography systems,

to manufacture the advanced processor in the landmark Huawei smartphone. The DUV process – when producing at scale – is estimated to be more expensive than using more advanced EUV lithography systems, which ASML has been prohibited from selling to China since 2019. However, stricter curbs on ASML's sales to China are coming. **From January 2024, the company will be prohibited from selling its 2000-series DUV machines to China under**

The Hague's latest restrictions. While recent chip breakthroughs in China have stirred domestic excitement about the country's progress in making home-grown advanced chips, some experts caution that Chinese firms still remain years behind in producing the lithography systems needed to make real progress, the South China Morning Post reports.

FOREIGN INVESTMENT

China plans to ease one of the biggest hurdles for foreign business



Chinese authorities are signaling a softer stance on once-stringent data rules, among recent moves to ease regulation for business, especially foreign ones. Over the last few years, China has tightened control of data collection and export with new laws. But foreign businesses have found it difficult to comply – if not operate – due to vague wording on terms such as “important data.” Now, in a proposed update, the Cyberspace Administration of China (CAC) has said **no government oversight is needed for data exports if regulators haven't stipulated that it qualifies as “important.”** That's according to draft rules released on September 28, a day before the country went on an eight-day holiday. The public comment period closed on October 15.

“The release of the draft is seen as a signal from the Chinese Government that it is listening to businesses' concerns and is ready to take steps to address them, which is a positive,” the European Union Chamber of Commerce in China said in a statement to CNBC. “The draft regulation relieves companies of some of the difficulties with cross-border data transfer and personal information protection partly by **specifying a list of exemptions to relevant obligations** and partly by providing more clarity on how data handlers can verify what is qualified by authorities as ‘important data,’” the EU Chamber said. The EU Chamber and other business organizations have lobbied the Chinese government for better operating conditions.

The cybersecurity regulator's draft rules also said data generated during international trade, academic cooperation, manufacturing and marketing can be sent overseas without government oversight – as long as they don't include personal information or “important data.” “This is a small but important step for Beijing to show it's walking

the walk when the State Council earlier pledged to facilitate cross-border data flows to improve the investment climate,” Reva Goujon, Director, China Corporate Advisory at Rhodium Group, said in an email. The proposed changes reflect how “Beijing is realizing that there are steep economic costs attached to its data sovereignty ideals,” Goujon said.

“Multinational corporations, particularly in data-intensive sunrise industries which Beijing is counting on to fuel new growth, cannot operate in extreme ambiguity over what will be considered ‘important data’ today versus tomorrow and whether their operations will seize up over a political whim by CAC regulators.” China's economic rebound from Covid-19 has slowed since April. News of a few raids on foreign consultancies earlier this year, ahead of the implementation of an updated anti-espionage law, added to uncertainties for multinationals. “When economic times were good, Beijing felt confident in asserting a stringent data security regime in the footsteps of the EU and with the U.S. lagging behind in this regulatory realm (for example, heavy state oversight of cross-border data flows and strict data localization requirements),” Rhodium Group's Goujon said.

The country's top executive body, the State Council, in August revealed a 24-point plan for supporting foreign business operations in the country. The text included a call to reduce the frequency of random inspections for companies with low credit risk, and promoting data flows with “green channels” for certain foreign businesses. During consultancy Teneo's recent trip to China, the firm found that “foreign business sources were largely unexcited about the plan, noting that it consists mostly of vague commitments or repackaging of existing policies, but some will be useful at the margin,” Managing Director Gabriel Wildau said in a note. He added that “the 24-point plan included a commitment to clarify the definition of ‘produced in China’ so that foreign companies' domestically made products can qualify.”

When U.S. Commerce Secretary Gina Raimondo visited China in August, she called for more action to improve predictability for U.S. businesses in China. Referring to the State Council's 24 points, she said: “Any one of those could be addressed as a way to show action.” The U.S.-China Business Council's latest annual survey found the second-biggest challenge for members this year was around data, personal information and cybersecurity rules.

The first challenge they cited was international and domestic politics. While the proposed data rules lower regulatory risk, they don't eliminate it because "important data" remains undefined – and subject to Beijing's determination at any time, Martin Chorzempa, Senior Fellow at the Peterson Institute for International Economics, and Samm Sacks, Senior Fellow at Yale Law School Paul Tsai China Center and New America, said in a PIIE blog post.

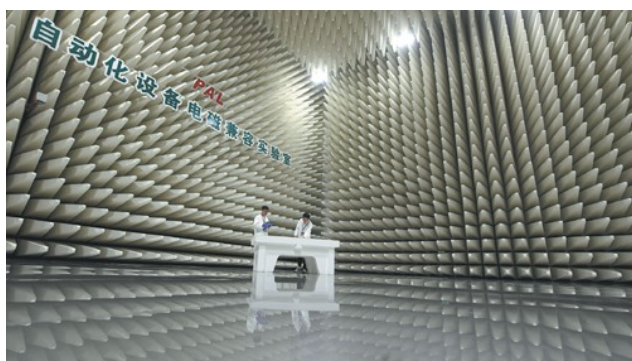
Still, "not only did the leadership commit to a more 'transparent and predictable' approach to technology regulation in the wake of the tech crackdown, the new regulations follow directly on **the State Council's 24 measures unveiled in August**, which **explicitly call for free data flows**. Other concrete actions to improve the business environment could flow from those measures as well," Chorzempa and Sacks said. The proposed changes

to data export controls follow an easing in recent months on other regulation.

In artificial intelligence, Baidu and other Chinese companies in late August were finally able to launch generative AI chatbots to the public, after Beijing's "interim regulation" for the management of such services took effect on August 15. The new version of the AI rules said they would not apply to companies developing the tech as long as the product was not available to the mass public. That's more relaxed than a draft released in April that said forthcoming rules would apply even at the research stage. The latest version of the AI rules also did not include a blanket license requirement, only saying that one was needed if stipulated by law and regulations. It did not specify which ones. Earlier in August, Baidu CEO Robin Li had called the new rules "more pro-innovation than regulation," as reported by CNBC.

INNOVATION

China to become world's largest R&D spender



China, including its major companies, is investing big on research and development (R&D) for breakthroughs in cutting-edge technologies, to not only make innovation integral to economic growth, but gain a global edge, with CNY3.08 trillion already allocated for R&D in 2022, up 10.1% year-on-year, according to the National Bureau of Statistics (NBS), and much more in the offing for the future. **The R&D expenditure of enterprises reached CNY2.39 trillion in 2022, up 11% year-on-year**, contributing 84% to the country's R&D growth, up 4.6 percentage points from the previous year. China will scale up its R&D budget by more than 7% annually during the 14th Five Year Plan (2021-25) period. Consultancy McKinsey & Co said in a report that such a growth target will make China the world's largest spender on R&D. **China's R&D expenditure accounted for 2.54% of GDP last year**, which is 0.11 percentage point higher than the previous year.

Though the figure is close to the average of 2.67% for Organization for Economic Cooperation and Development (OECD) economies, it put China in the 13th place globally, far behind some developed economies like the United States, which tops the table. "Although the R&D intensity of China has been continuously increasing, the country's

investment in basic research is insufficient, which directly leads to a relative lack of innovations based on complex, underlying supporting technologies and scientific research," said Liu Qiao, Dean of the Guanghua School of Management of Peking University.

Liu said China's position index in the global value chain (GVC) in 2018 was 0.01 while the U.S.' was 0.29. This means, the U.S. continues to be at the top of the GVC and has strong control over core technologies and raw materials. This gives it the power to create constraints for other countries and economies downstream in the GVC. "To change this situation, China must increase investment in basic R&D and promote Chinese industries to move upstream in the global value chain. Only when breakthroughs are achieved in basic research can we truly break developed countries' vice-like grip on key technologies," he said.

Wu Hequan, Academician at the Chinese Academy of Engineering, said basic R&D has a high degree of uncertainty, and requires space for trials and errors before success can be attained. "But if everyone aims for success, there will be few opportunities for disruptive innovations," Wu said. "Thus, it requires joint efforts from researchers, the government and social forces like companies." To encourage such R&D and support full-time research professionals under 45 working in China, Ma Huateng and a group of renowned scientists initiated the **Xplorer Prize, for those working in fields like mathematics, physics, chemistry, new materials, astronomy, geoscience, advanced manufacturing and other frontier technology areas**. Each prize winner receives CNY3 million over a period of five years – unprecedented in scale for scientific awards in China. Researchers and scientists who are awarded the prize are free to use the money in the way they deem fit.

In late September, a cohort of 48 young scientists was awarded this year's Xplorer Prize. One of them is geologist

and planetary scientist Joseph Ryan Michalski, Associate Professor at the University of Hong Kong and a U.S. national, the first non-Chinese to win the prize for his studies on Mars. As of September, 248 young scientists had been awarded the prize. The research achievements of seven awardees have made it into the Top 10 of China's annual scientific advances.

Deng Zigang, Researcher at Southwest Jiaotong University in Chengdu, capital of Sichuan province, epitomizes China's recent thrust on R&D. Five years ago, Deng **wanted to develop a vacuum-tube maglev**. In the initial stages of executing his ambitious project, he targeted a 45-meter loop and a top speed of 50 kilometers per hour. But some experts were skeptical. They said the eventual outcome of his research would be "a toy", not a serious transportation option. Such attitudes affected Deng's confidence, but he did not give up on his dream. Instead,

he persisted despite not receiving much recognition for his efforts. Ultimately, his sustained focus on the frontier area paid off – he won the Xplorer Prize. "It really meant a lot to me and our research team as we felt more empowered, more confident, and more motivated," Deng said, adding it is gratifying to see his area of specialization has now become a key focus of research both in China and abroad. Over the past five years, Deng and his team have developed a high-speed maglev experimental loop in China, making improvements to the project continuously. Theirs is the world's first high-temperature superconductor vehicle test platform that can withstand speeds of up to 620 kilometers per hour, promising a new generation of transportation technology that could benefit not just China, but the entire world. It is an area where several countries and regions are striving for a breakthrough, the China Daily reports.

ADVERTISEMENT AND SPONSORSHIP

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

CHINA NEWS ROUND-UP

Former Premier Li Keqiang passes away at 68

Former Chinese Premier Li Keqiang passed away on October 27 in Shanghai. He was 68. Li died of a sudden heart attack. Born in July 1955, Li was from Dingyuan, Anhui province. He studied at the Department of Law of Peking University between March 1978 and February 1982 and also held a PhD in Economics. He once served as the head of the Students' Union of the university. In March 1993 he became First Secretary of the Communist Youth League and subsequently served as Party Secretary and Governor of Henan, and Party Secretary of Liaoning province. In October 2007, Li was elected a Member of the Chinese Communist Party's Political Bureau and in March 2008 was appointed Vice Premier of the State Council. He was China's Premier from March 2013 till March 2023, when he retired and was succeeded by current Premier Li Qiang. The official obituary mentioned that he "advanced reforms in key fields such as fiscal and tax systems, financial sectors and investment, as well as science and technology, while pursuing a broader agenda of opening up across more areas and in greater depth", the China Daily reports.

Li Keqiang's economic policies were known abroad as "**Likonomics**", featuring efforts on deleveraging, structural reform, restrained stimulus, and **developing the private economy and foreign investment**. Li faced challenges including a hostile external environment, resistance from interest groups and complex social-political conditions. Approachable and pragmatic, Li steered the world's second-largest economy through a difficult period during his decade as Premier, pushing for market-oriented reforms, simplified government procedures and a better business environment for private and foreign companies,

the South China Morning Post reports.

"Li has been committed to market-oriented reforms," said Zhu Tian, Professor of Economics at the China Europe International Business School (CEIBS). "He was a charismatic truth-teller, and a popular Premier in China." Li was also devoted to delegating more power from Beijing, reducing government approvals and also bolstering the business environment. Former American Chamber of Commerce in Shanghai President Ker Gibbs called Li "a pragmatist, and highly competent". "He had no axe to grind in dealing with the West. There was a group of leaders who foreign businesspeople were disappointed to see were left with no formal role in the new government. Li would have been high on that list," Gibbs added.

Speaking at the National People's Congress (NPC) in March 2022, Li vowed that "China's opening-up policy would not change, just as the course of the Yangtze and Yellow rivers will not be reversed". Tao Jingzhou, a lawyer and university classmate, said that Li's support for economic reforms and opening-up came from the bottom of his heart. "Events derailed some of Li's agenda in the past 10 years, but his thinking is still very much relevant today," said Bert Hofman, Director of East Asian Institute at the National University of Singapore. "Li always struck me as very committed to China's development, intellectually curious, with a highly sophisticated understanding of the Chinese economy and how China could learn from international good practice in economic management," he added.

New Chinese-designed solar cell makes breakthrough

In a landmark achievement that could reshape the renewable energy landscape, a team of Chinese researchers has developed a new type of solar cell with groundbreaking efficiency, unprecedented stability and an extended service life. The technology could also reduce energy costs to a quarter of that of current silicon-based solar cells, according to the team. **The new solar cells use perovskite, a low-cost, easily available inorganic material.** When exposed to sunlight, perovskite converts solar energy into electricity in a similar way to traditional solar panels, but with higher efficiency.

While perovskite solar cells (PSCs) have long shown promise for surpassing the efficiency limits of silicon-based cells, their thermal and chemical stability have been problematic. Typically, they degrade rapidly when exposed to oxygen and moisture or when operated at high temperatures. The newly developed perovskite solar cell has a power conversion efficiency (PCE) of 25.6%. Impressively, the cell retains over 90% of its initial efficiency after 1,200 hours of operation at 65 degrees Celsius. The research, spearheaded by Professor Zhu Zonglong from City University of Hong Kong, in collaboration with Li Zhongan from Huazhong University of Science and Technology, was published on October 20 in the peer-reviewed journal *Science*. "Our study provides theoretical guidance for the design of efficient and stable PSCs and paves the path for easy access to commercially available PSCs," the team said in the paper.

The team's breakthrough lies in the improvement of an interfacial layer between the photoactive layer and the anode of the solar cell. Previous studies found using self-assembled monolayers (SAMs) as an interfacial layer generally raises the PCE to above 25%. However, with the monomolecular structure, SAM is only 1-2 nm thick and is easily decomposed at high temperatures. "We designed the SAM in a unique three-dimensional structure and anchored it to a stable nickel oxide film to enhance both thermal and chemical stability. This development effectively boosts the cell's lifetime performance and energy conversion capabilities," Zhu said. "Although the lab-tested devices are relatively small, the fabrication methods are simple and highly scalable, indicating suitability for large-scale production. We estimate that the Levelised Cost of Electricity (LCOE) for our new solar cells could be as low as USD5.45 per MWh, significantly lower than the USD24 per MWh for silicon-based solar cells," he said.

China is already a leader in the photovoltaic (PV) industry, exporting more than four billion solar cells in 2022, with a total export value of USD46.38 billion, according to Customs data. The Chinese PV industry's global market share exceeds 80% in all aspects, from raw materials to production equipment, according to the China Photovoltaic Industry Association (CPIA) website. "The global energy landscape is shifting to prioritize solar and wind power. Solar power has become the cheapest energy source worldwide with costs dropping over 90% in the past decade. China's solar industry is willing to make more efforts to address climate change and boost economic growth," CPIA Spokesman Liu Yiyang said in August, as

reported by the South China Morning Post.

Industrial profits up 7.7% in Q3 after five consecutive quarters of decline

China's industrial profits rebounded to 7.7% year-on-year growth in the third quarter, ending a decline of five consecutive quarters, the National Bureau of Statistics (NBS) said. Industry experts said that the growth in the profits of major industrial firms indicated an economic recovery amid a package of strengthening supportive policies, and this momentum is very likely to continue in the fourth quarter. In September alone, the profits of major industrial firms, which refer to industrial enterprises with an annual revenue of at least CNY20 million, grew 11.9% year-on-year, following a 17.2% jump in August. In the first nine months, profits slid 9% from a year earlier, but the drop narrowed by 7.8 percentage points and 12.4 percentage points, respectively, from that of the first half and the first quarter. Yu Weining, Statistician at the NBS, said: "Industrial profits showed an apparent recovery in the first three quarters thanks to a combination of macro policies. Meanwhile, industrial production has also grown steadily while demand continues to improve."

Among the country's 41 major industrial sectors, 25 saw accelerated profit growth or narrowed the decline in the first three quarters. In particular, the profit of the equipment manufacturing industry, which accounted for 31.5% of total industrial profits, grew 0.6% year-on-year from January to September, registering an increase for the first time this year. On October 27, the Shanghai Composite Index rose nearly 1%, closing at 3017.78. Stocks in the automobile sector jumped as a whole with more than 10 firms, including FAW Jiefang and JAC Motors, surging by their daily limits. Hong Qunlian, Researcher at the Academy of Macro-economic Research affiliated with the National Development and Reform Commission (NDRC), said, "As China continues to promote new industrialization, sectors such as electrical machinery, automobiles and aerospace, are becoming major growth drivers."

The latest NBS data showed that the raw material manufacturing industry saw profits decline narrow by 18.8 percentage points in the first three quarters compared with the first half. Citing the figures, Zhou Maohua, Senior Analyst at China Everbright Bank, said there is a "continued improvement in supply and demand" in the domestic market. "As domestic market demand continues to recover and the price of industrial products bottoms out, industrial production is expected to grow steadily. Together with the effects of a package of supportive macro policies, the country's industrial profits are likely to continue to recover in the coming quarters," Zhou added. Wen Bin, Chief Economist at China Minsheng Bank, said that the profit decline of major industrial companies is expected to narrow continuously. "The year-on-year decline in the producer price index (PPI) continues to narrow, and such price factors will support industrial profits. Recent months saw a recovery in exports, and such improvement in external demand will also effectively boost the production of industrial enterprises," Wen said, as reported by the China Daily.

CIIE participants to tap China's super-sized market

A larger number of overseas enterprises, including both frequent participants and first-timers, **will participate in the sixth China International Import Expo (CIIE)** to be held in Shanghai from November 5 to 10. This year's event will fully resume offline activities, and seek to tap China's super-sized market, senior officials and company executives said. Participants from as many as 154 countries and regions, as well as international organizations, are expected to take part, bringing the number of both exhibitors and professionals attending the event to the pre-Covid levels of over 3,400 and 394,000, respectively, Sheng Qiuping, Vice Minister of Commerce, said at a news conference in Beijing. Spread over 367,000 square meters, this year's expo will witness the participation of a record 289 Fortune 500 enterprises and industry-leading businesses, Sheng said. Since its inception in 2018, the CIIE has grown into an international platform for international procurement, investment promotion, people-to-people exchanges and open cooperation, he said.

On the one hand, the expo will introduce cutting-edge machinery, high-end parts and accessories, intermediate goods and consumer goods; on the other hand, it will underpin China's industrial upgrading, enrich the domestic supply and raise the standard of consumption, Sheng said. Noting the role of the expo as an international public good, Sheng said China has continued to collaborate with competent international organizations in an effort to actively promote win-win cooperation for all nations and drive inclusive global economic growth. Compared with previous editions, the section within the CIIE that features low-carbon solutions, artificial intelligence (AI) and other cutting-edge technologies, as well as consumer goods, will increase by 30% in size this year, with more than 400 new items, technologies and services, Sheng said.

Furthermore, the expo played an important role in facilitating high-quality Belt and Road Initiative (BRI) cooperation, said Sun Chenghai, Deputy Director of the CIIE Bureau, the expo's organizer. More than 1,500 enterprises from Belt and Road countries and regions have signed up for this year's event. Meanwhile, through the provision of free booths and other approaches, the CIIE has fostered the participation of businesses from the least developed of the Belt and Road economies, to help promote local specialty products in the Chinese market, Sun said.

Tu Xinquan, Dean of the China Institute for WTO Studies, which is part of the University of International Business and Economics, said since global trade and investment remain sluggish amid rising geopolitical tensions and a gloomy world economic outlook, the CIIE will help foster collaboration in various sectors and inject new energy into the global economy for inclusive growth. The CIIE is also a testament to China's commitment to further open up its market to the world. It provides an opportunity for international companies to serve the vast Chinese consumer market that boasts a population of over 1.4 billion and massive development opportunities, Tu said, as reported by the China Daily.

China's consumption market recovered in the first three quarters of this year. In the first nine months, retail sales increased 6.8% year-on-year; in September, the corresponding figure was 5.5%, up from 4.6% in August, data from the National Bureau of Statistics (NBS) showed. Consumption contributed 83.2% to China's economic growth during the January-September period.

Sanya in Hainan to build Intellectual Property Special Zone

Hainan province will take the lead in China in the management of intellectual property rights and will build the Sanya Yazhou Bay Science and Technology City Intellectual Property Special Zone, authorities said. The opening ceremony of the Hainan Center of the China Copyright Protection Center was held in Sanya Yazhou Bay Science and Technology City on October 22. The center is the first and only branch of the China Copyright Protection Center. It will carry out copyright verification and protection, value assessment, copyright trading, and the international exchange of copyrights, mainly for software, cultural and literary productions and digital works. Sanya will give full play to Hainan's policy advantages, which allow active trials, and the China Copyright Protection Center's rich resources, said Zhou Hongbo, Party Secretary of Sanya. "We'll further improve the one-stop intellectual property public service system, enhance the level of copyright creation, application, protection, management and service, undertake international cultural trade, and carry out copyright confirmation and protection, value assessment, copyright transaction, copyright international exchange and other services, and strive to explore more practices that can be replicated and promoted," Zhou added.

The significance of the Sanya Yazhou Bay Science and Technology City Intellectual Property Special Zone lies in its high concentration of administrative management and law enforcement functions of patents, trademarks, copyrights, geographical indications and new varieties of plants, as well as the precision and efficiency of its management services, he explained. **With the one-stop service system, granting a patent is shortened from months to a few working days.** For example, the application of an invention patent submitted by the Hainan Tropical Ocean University Yazhou Bay Innovation Institute was authorized within 24 working days, a process which used to take at least 20 months to review.

"In the pre-trial process, we will help institutes and enterprises conduct professional checks to ensure that a submission is successful and effectively save case handling time. The fast track for patent pre-examination ensures that patent applications can be processed at the fastest speed, and the efficient linkage of the process greatly reduces the time for patent review," said Lin Shukun, Auditor of the Sanya Intellectual Property Center in Yazhou Bay Science and Technology City the China Daily reports.

A national-level intellectual property protection demonstration zone will also be established in Shanghai's Pudong New Area by 2025. It will be among the country's initial group of 10 such zones nationwide,

according to Gu Huirong, Manager of the IP Protection Division of the Shanghai Intellectual Protection Administration. The other IP zones will be in the Binhai New Area in Tianjin, in Nanjing and Suzhou in Jiangsu province, Hangzhou and Ningbo in Zhejiang province, Hefei in Anhui province, Guangzhou and Shenzhen in Guangdong province, and Chengdu in Sichuan province. The initiative is the first national-level demonstration project in the field of IP rights approved by the State Council.

Parcel delivery sector breaking new records

China's peak season for parcel delivery is yet to come, but the sector has already hit a record pace. **As of October 22, China has handled more than 100 billion parcels so far this year** – 39 days earlier than last year, the State Post Bureau of China said. That showcases the sector's strong resilience and vitality, it said. The sector's vitality demonstrates that China's economy has continued to improve, the Bureau said. China's parcel delivery sector has continued to grow rapidly this year. Since March, the number of parcels handled each month has reached a record 10 billion. In 2013, the annual number was less than 9.2 billion. "China has a large market with a great number of consumers. As the consumption market continues to rebound, the significant increase in online shopping has been greatly driven by positive macro-economic factors and has effectively led to the continuous growth of the industry," said Yang Fei, Manager of the Parcel Delivery Section of the Bureau's Market Inspection Department.

The development of the industry in both urban and rural areas has become more balanced, while regional disparities have narrowed. Facilities have also been greatly improved, Yang said, adding that this has further spurred the sector's development. In recent years, parcel delivery companies have been encouraged to expand investment and improve networks in rural areas, facilitating the movement of consumer goods to villages and agricultural products to cities. The development of express delivery in central and western regions has accelerated, with both business volume and market share continuing to increase.

While improving the overall efficiency of parcel transportation and sorting in China, the industry has also continued to improve the layout of overseas hubs and warehouses in countries and regions involved in the Belt and Road Initiative, Yang said. This has further expanded the service network and consolidated the foundation for industry development, he added. The parcel delivery industry has emerged as a crucial link between production and consumption, playing a vital role in the country's economic development and consumer vibrancy, as well as sustaining crucial supply chains during turbulent times, including during the Covid-19 pandemic. With its unique ability to connect households, businesses and online and offline platforms, the industry has become an essential barometer of the Chinese economy's well-being, the China

Daily reports.

Shanghai's economy looking to better prospects in 2024

Shanghai's economy, rocked by China's troubled property sector and the nation's tumbling stock market this year, **has better growth prospects in 2024** when the U.S. is widely expected to begin its interest rate-cutting cycle, according to Yang Jianwen, Researcher at the Shanghai Academy of Social Sciences. "The fact that the local economy is not growing is acceptable," he said. "What Shanghai needs to do is to stabilize business activities for now and try to grasp growth opportunities in 2024." He added that growth opportunities lie in the expected strengthening of external demand, since the U.S. is expected to lower interest rates next year. Shanghai, which sits at the heart of manufacturing in the Yangtze River Delta, is making an all-out effort **to regain the city's status as a gateway city for foreign businesses and for capital entering China** following the country's exit from the zero-Covid strategy in the first quarter of this year.

Top city leaders, including Communist Party Secretary Chen Jining and Mayor Gong Zheng, have been leading efforts to convince global investors of Shanghai's attractiveness and sound business environment amid mounting worries among multinational companies about China's national security law and a decelerating economy. These officials have met dozens of global business leaders, including Tesla's Elon Musk and JP Morgan CEO Jamie Dimon, as they try to assuage fears about China's decoupling from Western economies. "Shanghai needs to be well prepared to embrace growth opportunities next year", Yang said, suggesting the municipality cut red tape and ease customs procedures further, to facilitate foreign and home-grown businesses. That would provide a much-needed boost to the city's gross domestic product (GDP) which stayed nearly flat in the third quarter ending September, adding a mere 0.2% from a year ago.

The local statistics bureau does not provide stand-alone third-quarter GDP numbers, but the data is derived by comparing Shanghai's economic output of CNY3.32 trillion from January to September and the CNY2.14 trillion figure recorded in the first-half. Between January and June, Shanghai's economy grew 9.7% from a year ago, mainly because of a low base last year when GDP contracted by 13.7% in the second quarter due to a two-month citywide Covid-19 lockdown in April and May. For the first three quarters, the local economy expanded 6% from a year earlier. At a press conference, Mayor Gong admitted economic turbulence ahead, but said the growth target of 5.5% for the year would be achieved with the help of the government's stepped-up efforts to draw foreign investments. Mayor Gong said more landmark deals similar to Tesla's Megapack energy storage plant and Boston Scientific's biotech factory were in the pipeline, which would bolster the local economy and burnish Shanghai's image as an investment magnet, the South China Morning Post reports.

Your banner at the FCCC website or newsletter

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

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

Chairman

Mr. Philippe Latour, Executive Advisor to Group CFO, NV AGEAS SA

Vice-Chairman

Mr. Philip Eyskens, Chief Legal & Compliance Officer, NV BEKAERT SA

Secretary and Treasurer

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

Executive Director

Ms. Gwenn Sonck

Members of the Board of Directors and Founding Members:

Mr. Philippe Latour, Executive Advisor to Group CFO, NV AGEAS SA

Mr. Carl Peeters, Chief Financial Officer, NV AHLERS SA

Mr. Philip Eyskens, Chief Legal & Compliance Officer, NV BEKAERT SA

Mr. Dirk Poppe, Area Director Asia-Pacific, NV DEME SA

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

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

Mr. Pieter Van Biervliet, Global Head of Finance, NV ECO3 SA

Ms. Nathalie Bortels, Global Operations Director, Umicore Marketing Services, NV UMICORE SA

Membership rates for the second half of 2023 (excl. VAT)

- SMEs: €245 (excl. 21% VAT)
- Large enterprises: €595 (excl. 21% VAT)

Contact

Flanders-China Chamber of Commerce
Office: Ajuinlei 1, B-9000 Gent, Belgium

New telephone and fax numbers:

T ++32/9/269.52.46

F ++32/9/269.52.99

E info@flanders-china.be

W www.flanders-china.be

Share your story

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

The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com

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

FCCC FOUNDING MEMBERS



FCCC STRUCTURAL PARTNERS



With the support of



IN COOPERATION WITH



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