

China Business Weekly

13 February 2024



PAST EVENTS

FCCC Chinese New Year Reception – 7 February, 2024 – Brussels



On February 7th, the **Flanders-China Chamber of Commerce (FCCC)** organized its Chinese New Year reception at KBC Bank in Brussels to celebrate the Year of the Dragon with speeches by H.E. Mr Cao Zhongming, Ambassador of the People's Republic of China in Belgium; H.E. Mr **Yves Leterme**, Former Prime Minister of the Government of Belgium and former Minister President of the Government of Flanders; Mr **Philippe Latour**, Chairman, Flanders-China Chamber of Commerce; and Ms **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce. The event was well attended by more than 160 business leaders and officials.

Special thanks to KBC Bank for hosting the reception at its premises and to our Gold Sponsors: BIPO, China Telecom Global, Maasmechelen Village, Tmall Global, Xin Lotus International.

All pictures from the reception can be viewed via the link [here](#).

FCCC ACTIVITIES

Webinar: “Strategies for Staffing and Hiring in China”
29 February 2024, 10AM CET



The Flanders-China Chamber of Commerce is organizing a webinar focused on **“Strategies for Staffing and Hiring in China”**. This webinar will take place on 29 February.

During this webinar, we aim to provide you with a better understanding of China's labour market, current trends, HR challenges, recruitment, cultural differences, laws & regulations and labour costs. Additionally, the session will also include a practical testimonial.

The programme is as follows:

10h00 – 10h05: Introduction by Ms **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce and EU-China Business Association

10h05- 10h30: Presentation by **Mr Roland Brouwer**, Regional Director (Europe), Corporate & International Relations, BIPO Service

10h30 - 10h45: Company testimonial

10h45 – 11h00 : Q&A Session

Practical information:

Date: 29.02.2024

Location: Online

Price members: Free

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Webinar: China for SMEs after Covid: Panel discussion with the FIT Representatives in China – 13 March 2024, 10 AM CET



The Flanders-China Chamber of Commerce (FCCC) and Flanders Investment & Trade (FIT) are organizing a webinar with the FIT Representatives in China. This webinar will take place on Wednesday, 13 March 2024 at 10h00 to 11h15.

During this webinar, the Flemish Economic Representatives and the Flemish Technology Counsellor in China will talk about the current business climate and opportunities for SMEs one year after Covid.

The program is as follows:

10u00-10u05: Introduction by **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

10u05-10u55: Panel discussion with the Flemish Economic Representatives of Flanders Investment & Trade

Koen De Ridder, Flemish Economic Representative in Beijing;

Frank Van Eynde, Flemish Economic Representative in Shanghai;

Eva Verstraelen, Flemish Economic Representative in Guangzhou;

Siegfried Verheijke, Flemish Economic Representative in Hong Kong S.A.R.;

Peter Tanghe, Technology Counsellor in China;

Frederic Deprez, Deputy Director Trade APAC;

10u55-11u15: Q&A session

Practical information:

Date: 13.03.2024

Location: Online

Price members: Free

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ACTIVITIES SUPPORTED BY FCCC

Presentation: “China past the wall” – Tuesday, 27 February 2024 – Kortrijk

China is constantly dominating the news, but do we really know the country? Do we know how the Chinese think, what they aspire to and how their society functions? Above all, do we realize what impact this country has on our daily lives? In his presentation “China beyond the wall” Mr. Tom Van de Weghe is exploring those issues.

Program:

Welcome by Mr **Stijn Lombaert**, Provincial Court Clerk

Presentation “China past the wall” by Mr. **Tom Van de Weghe**, VRT journalist

Q&A session

Closing remarks by Ms. **Kristien Vandamme**, China office Province of West-Flanders

Closing drinks

Practical information:

Date and time: February 27, 2024, 19h30 - 21h30

Location: Howest Campus Kortrijk Weide, The PENTA, Sint-Martens-Latemlaan 1B, Kortrijk

Price : Free of charge

Contact: chinaoffice@west-vlaanderen.be

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CHINESE NEW YEAR

Tourist trips and movie tickets boost consumption during eight-day Chinese New Year holiday



The Chinese Lunar New Year holidays saw a film box office of more than CNY2 billion, including pre-sales, according to film tracking site Dengta, while tourists have flocked to scenic areas across the country with tickets at

some popular spots quickly being sold out. The surge of moviegoers has already propelled China's box office to a new height in the new year, the Year of the Dragon. Eight films are featuring on the silver screen during **the Chinese Lunar New Year holidays, which started on February 10 and will run until February 17**, led by highly anticipated Pegasus 2, directed by Han Han and starring Shen Teng, and Yolo, directed and starring Jia Ling, who recently topped domestic social media for losing 50 kilograms to shoot the movie. The two films combined contributed over CNY1.4 billion to the total box office as of February 11 in the afternoon. Another major contributor is Boonie Bears: The Wild Life, which continued the success of the Boonie Bears franchise, known for its comic and educational content, earning more than CNY400 million. Following closely behind was Article 20, directed by Zhang Yimou and starring Lei Jiayin and Ma Li, which garnered over CNY300 million in ticket sales. The average ticket price dropped slightly to CNY52.8. The annual Spring Festival

Gala TV gala set a live broadcast record, with 1.689 billion total views.

Another highlight of the holiday is going sightseeing. Local media reported that tickets for Suzhou Museum in Suzhou, Jiangsu Province, have been fully booked until February 15, while tickets for the city's must-go Humble Administrator's Garden were only available after February 14. The authority overseeing the management of Wawu Mountain in Sichuan province is also calling on tourists to avoid the peak period as its tickets have been sold out in advance. The Emperor Qinshihuang Museum, a popular scenic spot in Xian, Shaanxi Province, announced that tickets had sold out until February 15. The CCTV Spring Festival Gala has made the co-host cities, Xian, Kashgar in Xinjiang, Changsha in Hunan and Shenyang in Liaoning popular as tourist destinations. A report released by the China Tourism Academy projected that the total number of domestic tourist trips will exceed six billion in 2024, with the combined number of inbound and outbound tourist trips expected to surpass 260 million. Consumption during this year's holiday could surpass the figure for pre-Covid 2019, starting the Year of the Dragon on a high note, and providing a solid base for further economic recovery during the year, the Global Times reports.

On February 10 – the first day of the new year – sales of movie tickets via trip.com jumped by over 300% year-on-year, while travel and airport pick-up bookings also rose 102% and 75%, respectively, which mirrors soaring travel consumption during the holidays as localities organize abundant activities, including lantern shows, flower and temple fairs, as well as dragon and lion dances. Those three indexes were all “significantly higher” compared to 2019.

Inbound and outbound travel also recorded a new high in recent years. Singapore, Malaysia and Thailand, which all offer mutual visa exemption to Chinese tourists, are among the hottest overseas destinations. It was expected that 5.5 million passenger trips would be made nationwide on February 10, and an additional 176 passenger trains were added that day, according to China Railway. That compared with 2.77 million rail passenger trips on the first day of Year of the Rabbit on January 22, 2023. During the 40-day Spring Festival travel period – which started on

January 26 and will end on March 5 – the national railway system is expected to complete 480 million passenger trips, increasing by 37.9% compared with 2023, according to China Railway. The country is expected to see a total of 9 billion passenger trips during the ongoing travel period, likely hitting a new high, according to a Ministry of Transport forecast, as reported by the Global Times.

For those Chinese travelers heading abroad, the possibility of using Chinese payment platforms such as Alipay and WeChat Pay for booking hotels, hailing taxis, shopping at supermarkets and duty-free shops, and even dining at many small restaurants, is a huge advantage, as most Chinese are accustomed to using digital payments and no longer carry cash in China. More than 5 million merchants worldwide accept payments via Alipay, and Chinese tourists can enjoy one-stop taxi-hailing services in more than 2,000 cities worldwide, a manager from Ant Group said. From January 2018 to October 2022, more than 50 countries and regions filed 190,000 patents related to financial technology. Among them, China accounts for 107,000 patent applications, ranking first, according to a report by the Central University of Finance and Economics in December 2023.

On the other hand, **foreigners traveling in China, who have not linked their bank or credits cards to online payment services Alipay or WeChat Pay face difficulties paying with cash or international credit cards.** And even if they do, there are still some restrictions if their Alipay or WeChat Pay apps are not linked to domestic bank cards. Using QR codes registered to individuals and fund transfers between individuals on WeChat Pay are blocked if not linked to a domestic bank card. The mobile-payment penetration rate in China has reached a world-leading 86%. Foreigners who link international cards to mobile-payment apps are charged a 3% service fee for transactions over CNY200, and single transactions over CNY6,000 cannot be processed. Withdrawing cash from ATMs has also become more of a challenge with the steady decline of the number of ATMs since 2019. Central bank figures show the nationwide total dropped below 1 million for the first time in 2021, and by 2022 there were fewer than 900,000. Several thousand more were eliminated in each quarter last year, according to the South China Morning Post.

SPACE INDUSTRY

Commercial space industry to be developed in Beijing's Yizhuang area



Several regional governments are pushing ahead with plans to develop the commercial space industry, as well as the participation of the private sector. Yizhuang, located in Beijing's Daxing district, has announced plans to create a "rocket street", featuring an innovative research and development center, a high-end intelligent manufacturing center, and a science and technology interactive exhibition hall to attract high-quality projects from the entire commercial space industry chain. By 2028, Yizhuang aims to attract more than 100 high-tech enterprises, 50 specialized enterprises, five unicorn companies and five listed companies. Ultimately, Yizhuang aims to become a commercial space innovation cluster with "thousands of enterprises, thousands of satellites in orbit and hundreds of billions of yuan of revenue."

A Beijing reusable rocket technology innovation center was unveiled in Yizhuang at a recent meeting. Continued efforts will be made to comprehensively promote the listing of aerospace companies. **Yizhuang has already attracted more than 50 aerospace companies** including 70% of China's private rocket assembly and manufacturing companies. In the past year, China has further underscored the importance of commercial space development. Commercial space was listed as a strategic emerging industry during the Central Economic Work Conference (CEWC) in December. Regional governments including those of Beijing and Shanghai have issued detailed timetables to develop the industry. With Yizhuang as an important base, by 2028 Beijing aims to be the first city in China to achieve reusable rocket launch, recovery and re-launch capabilities; provide low-cost and highly reliable satellite and rocket launches; and operate satellite constellations on a large scale. By 2025, Shanghai will have the capability to mass-produce 50 commercial rockets and 600 commercial satellites per year, enabling the digital transformation of the economy, daily life and governance through the application of space information technology, according to a three-year action plan released last October.

The start of 2024 has seen China's commercial space launches gain pace. The Jielong-3, developed by China Rocket Co, delivered nine satellites into orbit on February 3. On the same day, Chinese automaker Geely launched 11 satellites to boost its capacity to provide more accurate navigation services. Commercial space development holds significant strategic importance and economic value for China. It not only drives economic growth but also serves as a focal point of technological competition between China and the U.S., Wang Peng, Associate Researcher at the Beijing Academy of Social Sciences, told the Global Times. It will drive technological advances and industrial upgrades in areas like new materials, new energy and intelligent manufacturing, injecting new momentum into China's economic development, Wang said. Private firms and regional governments are playing an important role in commercial space, Huang Zhicheng, a Chinese expert in aerospace science and technology, said. "The combination of the central government, local governments and private investment has resulted in relatively successful cooperation," Huang said.

China's commercial space industry took off in 2015, when private investment was encouraged in the construction and development of civilian space infrastructure. In 2023, Chinese private-sector launched 13 rockets, accounting for about 20% of China's total launches. Last year saw a new record of 67 orbital launches by China, ranking second globally after the U.S., which made 116 launch attempts, including just under 100 by Elon Musk's SpaceX, Reuters reported. According to Taibo Intelligence Unit, China's commercial space sector will experience a golden era of development from 2023 to 2028 with an estimated market scale of CNY2.8 trillion in 2025, the Global Times reports.

The year 2023 was the year of the rise of China's private space sector, with a number of private companies achieving remarkable results, the China Daily adds. In April, Space Pioneer conducted the successful maiden flight of its TL 2 rocket, making it the first privately built Chinese liquid-fueled rocket to reach orbit, and the first privately developed, liquid-propellant rocket in the world to succeed in its first attempt to reach orbit. In July, ZQ 2, a rocket model developed by LandSpace, succeeded in its second attempt to reach orbit and became the world's first methane-fueled rocket to complete an orbital mission. In December, ZQ 2, one of the largest and most powerful private rockets in China, successfully conducted its third flight. Private players also showed their technological innovation and creativity in the satellite field. GalaxySpace, a leading private satellite maker, built China's first satellite equipped with a flexible solar array and sent it into space in July, tasking it with verifying a next-generation low-Earth-orbit broadband communication system and other advanced satellite technologies.

ENVIRONMENT

EU rejects solar industry request for emergency help against cheap Chinese imports



The EU has rebuffed the European solar industry's request for emergency measures to combat a surge in cheap imports from China. Any use of trade weapons must be "weighed against" the European Union's climate goals, Mairead McGuinness, European Commissioner for Financial Services, said during a debate in the European Parliament, as an industry group warned solar-panel manufacturers would go bankrupt without urgent support. "The EU needs to have access to affordable solar panels to fuel the green transition and unlock the economic opportunities. Given that we currently rely to a very important degree on imports to reach EU solar-deployment targets, any potential measure needs to be weighed against the objectives we have set ourselves when it comes to the energy transition," McGuinness said.

Europe is trying to wean itself off dependence on China for solar panels while also boosting green-energy production. **Currently, more than 97% of the solar panels deployed in Europe are imported, mostly from China,** McGuinness said. A group representing "nearly the entire European photovoltaic manufacturing industry" called for "emergency measures" to safeguard the EU supply chain amid "significant oversupply" from China. These included a buying up of European-made panels that are "languishing" in warehouses, more EU project funding, and emergency curbs on access to the EU market for Chinese imports. McGuinness said the "surge in imports" – having driven solar prices down by "over 40%" – was an "opportunity for citizens and solar panel installers", but "clearly a challenge to EU solar panel producers". Yet no urgent support appears to be forthcoming. The use of trade measures

should only be used "when that is in the overall union interest", McGuinness said. It is understood that some powerful member states, including Germany, are reluctant to open a new trade front with China. Rather than emergency measures, McGuinness presented a list of actions the Commission had already taken and focused on future legislation that could help support the industry. These include a forced-labor ban, which could target panels made or containing parts made in Xinjiang, where the EU accuses China of operating a system of forced labor, which the Chinese government denies.

The Net-Zero Industry Act – being discussed by the European and national parliaments – would mandate that around one-third of solar panels used in the EU are made there, and penalize firms from countries with monopolies on "specific net-zero technology" such as solar during EU procurement processes. However, Commissioner McGuinness warned that dependence on China could become more acute. "On the one hand, global solar-panel deployment is expected to further accelerate," she said. "On the other hand, a massive expansion of production is also in the making, mainly in China. This situation might remain."

Members of the European Parliament urged the Commission to move more quickly to support the industry. "I'm not that happy with your speech because I'm convinced that you know about a serious situation we're facing about unfair Chinese competition," said German Representative Engin Eroglu, while Green Lawmaker Ciaran Cuffe cited the industry's deep ties to Xinjiang, where the EU claims Uyghur people are persecuted, an allegation China denies.

Meanwhile, the European industry itself is divided on what measures should be taken. One lobbying group, Solar Power Europe, where Chinese companies account for 12.6% of revenue and hold 14% of total voting rights, has called for financial support but no trade barriers. Nonetheless, this group too was underwhelmed by McGuinness' statement. Walburga Hemetsberger, Solar Power Europe's CEO, said "manufacturers are going bankrupt". "More support, and better access to support, is critically needed," she added, while praising the Commission's apparent opposition to trade measures. "History has shown that trade defense measures did not bring back the reshoring of solar manufacturing and coincided with deep declines in solar deployment," said Hemetsberger, as reported by the South China Morning Post.

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CHINA NEWS ROUND-UP

Visa-free entry to Hainan extended to 30 days for citizens of 59 countries

China has expanded its visa-free policy for Hainan beyond tourism to various travel purposes as it seeks to transform the southern island into a major free-trade port. Passport holders from 59 countries are now allowed to enter Hainan for business, family visits, medical treatment, exhibitions and sporting events – as well as tourism – for up to 30 days without a visa. Foreigners wanting to work long term or study there will still need a visa. It follows an announcement in October that travelers from the 59 countries did not need a visa to visit the island with a travel agency, upon invitation by an entity or as individuals. In addition to the 27 European Union member states, the list includes Iceland, Norway, Russia, Switzerland, Ukraine and Britain as well as the United Arab Emirates and Qatar. In Asia, the visa-free arrangements apply to South Korea, Japan, Singapore, Malaysia, Thailand, Kazakhstan, the Philippines, Indonesia and Brunei. Australia and New Zealand are also on the list along with Argentina, Brazil, Canada, Chile, Mexico and the United States.

The NIA said the move “is a new effort to deepen reform and opening-up of the province, and contribute to the development of Hainan as a free-trade port with Chinese characteristics”. Hainan’s economy grew 9.2% last year, the second fastest in the country after Tibet. Its economic recovery has been driven by the revival of tourism, with more than 90 million tourists visiting the island last year, an increase of nearly 50% year-on-year. Hainan’s tourism revenue also rose 72% to CNY181.3 billion. China aims to develop Hainan into the world’s biggest free-trade port, with an independent customs regime set up by the end of next year. The tropical island is about the size of Taiwan and is seeking to attract investors, businesses and individuals with reduced taxes and relaxed visa regulations. The country hopes to turn Hainan into a hub for offshore financing and duty-free shopping, bringing it on par with the likes of Hong Kong and Singapore, the South China Morning Post reports.

Beijing's two airports open payment service centers

Beijing Capital International Airport and Beijing Daxing International Airport, the two airports in the Chinese capital, have launched dedicated payment service centers for the convenience of overseas travelers. The centers are located near the exit of the international arrival halls at the airports and offer a wide range of services to cater to the diverse payment needs of foreign visitors. Their primary objective is to offer comprehensive payment consultation and guidance to foreign visitors who arrive in Beijing. Travelers can seek assistance for downloading mobile payment applications and using ATMs for cash withdrawal, among other services. A key feature of the Capital Airport’s payment service center is an automated currency exchange machine. The machine can interact

with users in eight languages and exchange 21 currencies, effectively meeting the cash needs of a majority of overseas visitors. In addition, the center has an ATM for cash withdrawals.

Currently, the two airports collectively host five bank outlets, seven manned currency exchange counters, 24 ATMs and one automated currency exchange machine, while most businesses at the airports accept foreign bank cards. To address differences in payments in China and foreign countries, the People’s Bank of China (PBOC) and the State Administration of Foreign Exchange (SAFE) have focused on mobile payments, acceptance of overseas bank cards, cash use and account services. In China, mobile wallets such as Alipay and WeChat Pay are the most popular for financial transactions because they offer the convenience of just scanning a QR code using a smartphone to make payments. However, in many foreign countries and regions, cash and bank cards remain the preferred means of payment, posing challenges for travelers to China. Some foreigners are surprised when they encounter China’s mobile payments for taxis, restaurants, shops and practically everything, including giving tips to beggars. Both Alipay and WeChat Pay wallets are very convenient forms of payment, but most foreigners arriving in China do not have them installed on their phones and linked to their credit cards.

Wu Qing appointed Chairman of the China Securities Regulatory Commission (CSRC)

Wu Qing, who ran the Shanghai Stock Exchange between 2016 and 2017, has been appointed Chairman and Party Secretary of the China Securities Regulatory Commission (CSRC), succeeding Yi Huiman, who had been in the position since 2019. Before this promotion, Wu – who holds a PhD in economics – was Deputy Party Secretary of Shanghai. He was entrusted to run the Shanghai Stock Exchange following a 2015 meltdown in China’s capital markets. Before his stint in Shanghai and the city’s bourse, he had worked at the CSRC for years, overseeing fund and institutional supervision as well as risk disposal for securities companies.

The appointment came after the regulator announced a set of policies to prevent a stock market rout and lift investor sentiment, including fresh curbs on short selling and an intervention by state investment arm Central Huijin Investment to increase stock holdings in the market. Beijing has laid out an ambitious plan to turn the country into a financial superpower to better support the real economy, and President Xi Jinping has said preventing and resolving financial risks must be an “eternal theme” for the government. The top leadership also highlighted concerns over the fragility of its financial system, particularly as China faces an increasingly turbulent geopolitical environment, grapples with a property crisis, and attempts to buoy weakened confidence across the economy, all of which have hampered a solid and sustained recovery.

The appointment is a mood-boosting measure, said Fu Weigang, Executive Director at the Shanghai Institute of Finance and Law. Fu added that, historically, Beijing would reshuffle personnel whenever there is a big stock market rout. As Chairman of the securities regulator, Wu faces the immediate task of restoring confidence among the nation's 220 million individual investors, the largest group in the world, whose wealth is facing further erosion after the prolonged decline in stocks.

China's stock market, the world's second-largest globally with a combined market value of USD8 trillion, has seen a wipeout of about USD3 trillion in capitalization over the past three years, as Covid lockdowns crippled production and dented consumer spending, while the post-pandemic recovery faltered. Wu's appointment comes at a critical time for China's yuan stocks, which have rebounded from a five-year low after the government ramped up efforts to bail out the beleaguered market last week ahead of the suspension during the week-long Chinese New Year holiday. In the new package of rescue measures, the nation's USD1.24 trillion wealth fund boosted purchases of exchange-traded funds to stabilize sentiment, and the CSRC imposed new restrictions on short-selling while vowing to ramp up a crackdown on trading misconduct, ranging from manipulations to insider trading. The new rescue package came after Premier Li Qiang last month urged more meaningful measures to shore up stocks, the South China Morning Post reports.

Mexico replaces China as top source of U.S. imports

For the first time in 17 years, China was dethroned as the United States' top source of imports by Mexico, offering fresh evidence that Washington's tariffs and supply-chain diversification efforts are bearing fruit. Mexico outpaced China in 2023 in terms of total value of goods shipped to the U.S., according to data from the U.S. Census Bureau. Total U.S. imports from China last year reached USD427.2 billion, falling by 20.3% compared to 2022, and slightly higher than the USD421.1 billion from Canada in 2023. Meanwhile, the U.S. bought USD475.6 billion worth of goods from Mexico in 2023, increasing by 4.6% year-on-year. China's share of U.S. imports also dipped to 13.9% in 2023, its lowest level since 2004. China's share peaked at 21.6% in 2017, before the trade war began and amounted to 16.3% for 2022. China had been the top goods supplier to the U.S. since 2007, when it surpassed Canada.

Geopolitical frictions, including intensifying economic disputes and a simmering tech war, have clouded relations between the world's two largest economies. Tariffs in place since Donald Trump's presidency have hit direct shipments from China hard, at an average of 19.3%. The U.S. has also ramped up efforts to "de-risk" its supply chains, with American multinational corporations adopting a "China-plus-one" strategy and reducing reliance on China as a production base. Still, more components made in China pass through Southeast Asia and Mexico – where final products are assembled – before arriving in the U.S., making it hard to track in detail. More Chinese money is also flowing to Mexico, a key destination for U.S.

nearshoring. Chinese manufacturers of furniture, home appliances, apparel and automobile parts have flocked to build production bases in Mexico, vying for access to the U.S. market. However, Washington is becoming increasingly wary of the trend.

In December, the U.S. and Mexico agreed to monitor foreign investments and regularly share information about the screening process. At a hearing about the United States-Mexico-Canada Agreement convened by U.S. Trade Representatives, American auto-industry representatives said Chinese manufacturers investing in Mexico taking advantage of lower labor costs and tariffs were "a large problem." Under the trilateral free-trade agreement that entered into force in 2020, 75% or more of the components of passenger vehicles and light trucks should be produced within the region to qualify for duty-free treatment. "You're going to have a hard time getting compliance with USMCA requirements," Jason Wade of the International United Auto Workers said at the hearing. Describing China's approach in Mexico, Wade added: "They will take the infrastructure and ecosystem that's been developed over the last 25 years and just pay the fee and have access to the U.S. market," the South China Morning Post reports.

China unveils regulation on carbon emissions trading

China has unveiled new rules aimed at preventing the falsification of carbon emissions data and penalizing offenders, officials said. Carbon trading allows companies to buy and sell permission to release a specific amount of carbon dioxide, helping them manage emissions better and encouraging efforts to reduce carbon footprints. The Interim Regulation on the Management of Carbon Emissions Trading, which was introduced on January 25 as Premier Li Qiang signed a decree of the State Council, will take effect starting on May 1. It marks the first time that China is establishing a dedicated legal framework for this market. Prior to this, management of the market relied solely on departmental rules. The development of a dedicated administrative regulation for carbon emissions trading has been closely watched over the past few years. In April 2019, the Ministry of Ecology and Environment released a draft of the regulation for public feedback. It underwent several rounds of revisions over the past five years before it was finally unveiled.

The regulation, which focuses on preventing and penalizing the falsification of emissions data, places responsibility on key emission units for the veracity and accuracy of their annual emission reports, said officials from the Ministries of Justice and Ecology and Environment. These units are required to disclose information to the public and retain all original records. Technical service institutions testing greenhouse gas emissions are required to comply with national technical specifications and are prohibited from issuing false reports or engaging in fraudulent acts, the officials said. Competent departments of ecology and environment may conduct on-site inspections, with strict penalties for fraud, including production suspension, cancellation of relevant qualifications and prohibition from corresponding

businesses. The Ministry of Ecology and Environment will oversee the carbon emissions trading and related activities, and propose greenhouse gases to be covered by the trading, which is currently limited to carbon dioxide. Provincial authorities will compile the annual list of key emission units based on specified conditions.

Launched in 2011 as a pilot program, China's national carbon market began trading in July 2021. It covered an average annual carbon dioxide emission of about 5.1 billion metric tons, accounting for over 40% of the country's total emissions, the Ministry of Ecology and Environment said. As of the end of 2023, the national carbon emissions trading market covered 2,257 power generation enterprises.

Chinese Prosecutor announces financial crimes crackdown

Zhang Xiaojin, head of the Fourth Procuratorial Office of the **Supreme People's Procuratorate (SPP)**, which is in charge of economic crimes, **has vowed to ramp up a crackdown on financial crimes in the year ahead.** He said efforts would be made to "provide strong rule-of-law guarantees to serve and safeguard high-quality financial development". Targets would include illegal fundraising, loan fraud, money laundering, proscribed foreign exchange trading, as well as crimes related to the use of virtual currencies to transfer assets abroad. Prosecutors would also target crimes that damage the order of the capital market and the interests of listed companies, he told SPP's affiliated media. Zhang said the crackdown would "provide strong support for accelerating the construction of a standardized, transparent, open, dynamic and resilient capital market".

Crimes in the field of securities and futures "seriously undermine the basis for the operation of the capital market, infringe upon the legitimate rights and interests of investors, and endanger economic and financial security", he said. According to Zhang, financial fraud, misappropriation of listed companies' assets, insider trading and market manipulation will all be on prosecutors' list of targets. Last year, the Communist Party became the country's top financial regulator, with the establishment of the Central Financial Commission. President Xi Jinping also stressed the importance of preventing systemic financial risks during a high-level meeting last month at the Central Party School in Beijing, attended by dozens of provincial leaders. Xi said "financial regulation must have teeth" and pledged further moves against corruption, noting that "in the process of risk management, corruption must be resolutely punished and moral hazard must be strictly prevented". At the central finance work conference in late October – the twice-a-decade policymaking gathering – Xi said that preventing and resolving financial risks must be an "eternal theme" for the Chinese government. The Supreme People's Procuratorate issued a guideline in December noting its duties in relation to tackling and preventing financial crimes.

China is also dealing with an ailing stock market, prompting Premier Li Qiang to convene a cabinet meeting last month to discuss ways of reviving sentiment and enticing long-term capital to put a floor under plunging

share prices. "More vigorous and effective measures should be taken to stabilize the market and confidence," the cabinet agreed, according to a statement released after the meeting. Vice Premier He Lifeng recently urged a nationwide teleconference of party officials from all regions to support listed firms, calling them a critical "micro-economic bedrock". He said confidence, capital market stability and economic development must be promoted, and stressed the importance of high-quality development in the economy, the South China Morning Post reports.

Huawei reclaims top spot in China's smartphone market

Huawei Technologies climbed back to the No 1 spot in China's smartphone market in the initial two weeks of this year, according to a report by research firm Counterpoint, putting more pressure on 2023 industry leader Apple and major domestic rivals in the world's largest handset market. This marks the first time Huawei reclaimed the top smartphone sales ranking in China since the U.S. imposed sanctions on the Shenzhen-based company when it was added to the U.S. trade blacklist in May 2019, which crippled the firm's once-lucrative handset business. The resurgence was jump-started by Huawei's surprise release last August of its Mate 60 Pro 5G smartphone – powered by the advanced Kirin 9000S processor, which was locally developed in spite of U.S. tech sanctions – as well as the firm's Android replacement mobile platform HarmonyOS, the Counterpoint report said. It also pointed out that brand loyalty among Chinese consumers greatly contributed to the popularity of Huawei's new 5G handsets. Huawei however still faced cutthroat competition against Apple and major domestic handset vendors that include Xiaomi, Oppo and Vivo, which continue to launch high-end smartphone models. Robust domestic demand for Huawei's new 5G smartphone models, years after the release of the Mate 40 series in October 2020, reflect improved consumer appetite for handset upgrades.

China's smartphone industry showed signs of recovery in 2023, when shipments grew 6.5% year-on-year to 289 million units, according to the China Academy of Information and Communications Technology. Domestic brands made up 231 million units, or around 80%, of total shipments. China's high-end handset segment sales also grew 37% last year, despite overall weakness in the global smartphone industry, Counterpoint data showed. While Apple led that market segment in the country in the first half of last year, the iPhone maker's sales started to get squeezed in the third quarter amid a strong push by Chinese vendors led by Huawei. The rise of Huawei smartphone sales in China early this year, followed a decline in iPhone sales in the fourth quarter. Apple, however, still ranked as China's leading smartphone vendor in the fourth quarter and the whole of last year, according to a report by tech research firm IDC. Apple reported a nearly 13% drop in revenue from its Greater China region – covering the mainland, Hong Kong, Macao and Taiwan – in the December quarter.

Apple's weekly smartphone shipments in China have declined by 30% to 40% in recent weeks, according to a

recent research note by Kuo Ming-chi, a TF International Securities Analyst known for his accurate assessment of Apple's business. Kuo expected this downward trend to continue this year. "The main reason for the decline is the return of Huawei and the fact that foldable phones have gradually become the first choice for high-end users in the Chinese market," Kuo wrote in the note. In a rare move, Apple last month offered Chinese consumers discounts of up to CNY800 on a range of products, from iPhones to MacBooks, ahead of the Lunar New Year to fend off competition from Xiaomi and Honor, which also cut their handset prices. Huawei, however, did not pursue a similar strategy, as it faced a supply shortage of its Mate 60 Pro owing to production constraints, the South China Morning Post reports.

U.S. fast food companies report gains in China

Leading U.S. fast food companies are posting gains for 2023 on par with the fast growth of 20% in the Chinese catering industry. Yum China Holdings said that its full-year sales in 2023 rose 21% year-on-year, with operating profit surging 76% to USD1.1 billion. The company, which has the largest chain store network in China – 14,000 restaurants across 2,000 cities under six brands including KFC and Pizza Hut – plans to further tap the opportunity of China's vast market. Joey Wat, CEO of Yum China, said in a press release that the company is serving just one-third of China's population, and ambitiously plans to "extend its reach to half of the

population by 2026" with new stores in lower-tier cities.

McDonald's, which boosted its stake in its China business last November, also expects further expansion and plans to open 1,000 restaurants in China in 2024, according to Bloomberg News. McDonald's CEO Chris Kempczinski was quoted as restating the company's goal of having more than 10,000 restaurants in China by the end of 2028. On January 30, **Starbucks** issued its first-quarter report for fiscal 2024, which ended on December 31. The company's China's business saw revenues rising 18% to USD735 million. China comparable store sales grew 10%, doubling the rate of the North America and U.S. submarket. The revenue gains posted by U.S. fast food giants are largely in line with the growth of the Chinese catering industry in 2023, as the Covid-battered sector staged a strong comeback.

According to China's Ministry of Commerce (MOFCOM), the catering industry achieved revenues of CNY5.29 trillion, up 20.4% year-on-year. China embraces investments from businesses of all countries with open arms, and it will continue to foster a market-oriented, law-based and world-class business environment to share with the world the new opportunities brought by Chinese modernization and pursue common development, Foreign Ministry Spokesperson Wang Wenbin told a press briefing on February 2. A recent report released by the American Chamber of Commerce also showed that half of U.S. companies surveyed see China as the top or among the top three global destinations for investment, up by 5 percentage points compared with 2022, the Global Times reports.

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