China Business Weekly

9 April 2024

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

FCCC ACTIVITIES

In-person event: China's Next Miracle – a Story of Innovation – 18 April 2024 – Ghent

The Flanders-China Chamber of Commerce is organizing a conference on **'China's Next Miracle – a Story of Innovation'**, which will take place on the 18th of April at 18h00 at Cercle Royal La Concorde, Kouter 150, 9000 Ghent.

According to the WIPO (World Intellectual Property Organization) China climbed to the 12th place in the Global Innovation Index in 2023 all the way from 34th in 2012. China remains the sole middle-income economy to secure a position among the top 30.

During this conference **Mr Pascal Coppens** will be our keynote speaker. He is a leading China expert and regular speaker. He will share some of his deep-rooted understanding of Chinese business culture which comes from his work as a sinologist and tech entrepreneur in China for 20 years. After this, leading experts from Bekaert and Volvo will share their expertise on innovation in China in a panel discussion.

The programme is as follows:

18h00 – 18h30: Registration

18h30 – 18h35: Introduction by **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

18h35 – 19h15: Keynote speech: **"China's Next Miracle – a Story of Innovation"** by **Pascal Coppens**, Sinologist, Entrepreneur, Author

19h15 – 19:45: Panel Discussion with **Bekaert and Volvo**:

Yorick Beun, Senior Director Paint, Volvo Cars Ghent

Jim Dobson, Senior Vice President of Technology and Quality, Bekaert

Moderated by **Gwenn Sonck**

19h45 – 20h00: Q&A Session

20h00: Networking Dinner

Books: 'China's New Normal' and 'Can We Trust China?'. These highly acclaimed books written by Pascal Coppens will be available for purchase in the subscription page.

Practical Information:

Date and Time: 18th of April, 18h00 CET

Location: Cercle Royal La Concorde, Kouter 150, 9000 Ghent

Price for members: €85 (excl. 21% VAT)

Price for non-members: €110 (excl. 21% VAT)

Tickets are limited, we advise you to subscribe soon!

[SUBSCRIBE HERE]

ACTIVITIES SUPPORTED BY FCCC

135th Canton Fair – April 15, 2024 – Guangzhou

The 135th Canton Fair, which is renowned as "China's No. 1 Fair", **is to be opened onsite in Guangzhou on April 15, 2024**. The Canton Fair is featured with optimized exhibition structure, various premium companies' participation, large number of exhibits, diverse supporting activities and continuously improved convenience of attending. And the previous session, the 134th Canton Fair attracted overseas buyers from 229 countries and regions, including 197,869 who attended onsite and 453,857 online.

The China Import and Export Fair, also known as the Canton Fair, is an important channel for China's foreign trade and a window of China's opening up. It plays a key role in advancing the development of China's foreign trade and the economic and trade exchanges between China and the rest of the world.

The Canton Fair is co-hosted by the Ministry of Commerce of the People's Republic of China and the People's Government of Guangdong province and organized by the China Foreign Trade Center. It is held every spring and autumn in Guangzhou, China. Since its establishment in 1957, the Canton Fair has enjoyed the longest history, the largest scale, the biggest buyer attendance, the most diverse buyer origin, the most complete product variety, and the best business turnover in China for 134 sessions.

The 135th Canton Fair is scheduled to open on April 15, with a total exhibition scale of 1.55 million square meters. This session will provide global buyers with a one-stop trading platform featuring complete exhibit variety, quality products with competitive price, and convenient, efficient and reliable services.

For more information and registration, please see the official website of the Canton Fair: https://www.cantonfair

FCCC NEWS

Ostend-Bruges Flanders International Airport becomes Platinum Partner of the Flanders-China Chamber of Commerce

Airport flexibility in the Heart of Europe

Welcome to Ostend-Bruges Flanders International Airport (OST Airport), where flexibility meets efficiency in the heart of Europe. Nestled in the Western part of Flanders, Belgium, OST Airport stands as a key player in the region's transportation and logistics network. Strategically located and seamlessly connected to major European markets, our airport serves as a pivotal link for businesses seeking unparalleled speed and reliability in cargo transport.

Our prime location places us at the intersection of major European transit routes, offering a significant advantage for air cargo operations, with a special feature of our own: our proximity to the Channel Tunnel (1h drive time) for rapid access to the UK. The airport's cargo activities have experienced an impressive 150% growth in the last two years, highlighting its increasing importance in the industry. OST Airport is easily accessible via road, rail, and seaports, ensuring efficient connectivity to major industrial and consumer markets across Europe.

At OST Airport, we pride ourselves on our 24/7 fast and flexible cargo services, with no slots and no capacity restrictions. This dedication to efficiency is further enhanced by a 3,210 m / 10,500 m runway, allowing for the smooth operation of aircrafts coded as 4-E. Our customs presence, on-site EU veterinary inspection post, and a robust fire brigade CAT 9 ensure a secure and streamlined cargo handling process.

One of our key strengths lies in our extensive warehouse facilities. With 25,000 m² dedicated to various types of cargo and an additional 7,000 m² for refrigerated and freezer facilities, OST Airport provides the infrastructure needed to accommodate a wide range of cargo requirements. The ongoing Cargo Village project, in collaboration with Versluys Logistics, demonstrates our commitment to continuous improvement and expansion. This ambitious venture will add 48,000 m^2 of state-of-the-art warehouses to our facilities, ensuring that OST Airport remains at the forefront of cargo operations.

In a significant milestone for the Cargo Village project, we have successfully completed the construction of 12,283 m² additional warehouses and 1,149 m² of offices at Ostend-Bruges Airport Cargo Village. This marks the first phase of the project, and the newly finished facilities offer unique opportunities for your cargo needs. The casco-finished warehouses and office spaces are now ready for use, showcasing our dedication to providing cutting-edge infrastructure to meet the evolving demands of the cargo industry.

We take pride in our digitalization efforts with OST Cloud by Nallian, further enhancing the cargo process for our partners. With no slots and fast turnarounds, OST Airport ensures that cargo flights experience excellent on-time performance. The dedicated cargo apron with multiple wide-body stands and efficient logistics operations on the ground contribute to our reputation as a premier choice for businesses and logistics providers in Europe.

In conclusion, Ostend-Bruges International Airport is not just an airport; it's a hub of efficiency, flexibility, and continuous growth in cargo activities, making it the ideal choice for businesses looking to optimize their air cargo operations in the heart of Europe.

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USEFUL GUIDES

Guide to Trade Fairs in China – 2024 Update

The **China IP SME Helpdesk** has published the 2024 Update of the **"Guide to Trade Fairs in China"**. This report was written by in-house experts of the EU SME Centre and China IP SME Helpdesk.

Without local resources operating on the ground in China, participating in trade fairs in China remains an effective approach for EU SMEs to meet potential Chinese business partners. However, without full preparation and a tailored strategy, the mere participation in a trade fair is unlikely to bring significant benefits to exhibitors in the short term. Besides, exhibitors may choose to participate in a trade fair for different reasons, including marketing and branding. Even the choice of the trade fair is a fundamental aspect that requires careful analysis and evaluation. This report aims to provide EU SMEs with a comprehensive, up-to-date and practical overview of how to get fully prepared and maximize the benefits of participating in Chinese trade fairs.

The Guide can be downloaded in PDF format here

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REAL ESTATE

Recovery expected in real estate

A property market recovery is likely to emerge in many cities in early spring, thanks to the central government's resolve to keep the market healthy and stable, coupled with heightened expectations of more supportive measures from local governments, industry experts said. With the property market entering its traditional sales season in March and April, **hopes for a boost in spring sales have been raised by multiple factors** including positive signals emanating from the parliamentary meetings in March, the effects of supportive measures announced by major cities, and the gradual recovery of market expectations and confidence. The Government Work Report, delivered in March at the second session of the 14th National People's Congress (NPC) outlined key tasks for the property sector, including defusing risks in the property market, accelerating efforts to foster a new development model for real estate, and increasing the construction and supply of government-subsidized housing.

Chen Zhixu, Senior Manager of CBRE China Research, expects **a greater balance will be achieved between supply and demand** under the new property development model. “The report also reaffirmed taking action on urban regeneration, which would help optimize supply and promote the release of potential buyer demand,” she said. Shaun Brodie, Director of Research on the Chinese market at Cushman & Wakefield, a global real estate services firm, said two phrases – “new urbanization” and “green and low carbon development” – had caught his eye. “I think both these key phrases will impact the real estate market in China immensely in the future as cities continue to improve the quality of life for their citizens and move toward their net-zero carbon goals,” Brodie said. The principle “housing is for living in, not for speculation” will continue to define long-term arrangements for the residential housing market in China, Brodie said, ensuring rational, steady and healthy development of the residential housing market in China.

“To my understanding, ‘housing is for living in, not for speculation’ is the premise of the new development model of the property market,” said Yan Yuejin, Director of the Shanghai-based E-house China Research and Development Institution. “Under such a principle, various related industries will coordinate and join forces to build the new pattern. This gives the parties involved inspiration,” he said.

One of the cities that has taken proactive measures to invigorate its property market is **Hangzhou**, capital of Zhejiang province. Hangzhou, famous for its picturesque West Lake, announced on March 14 it **is scrapping all purchase restrictions on pre-owned homes**. Local governments have been granted full decision-making power in optimizing their macro-control policies for the stabilization of the market. The gradual relaxation of the purchase restrictions will start in city outskirts before expanding to urban centers in first-tier cities, and smaller cities are likely to take greater supportive measures than big cities. Beijing is going to take different measures on a district-by-district basis in the optimization of its housing policy, Xia Linmao, Executive Vice Mayor of Beijing, said at a news conference on March 19.

Chen Wenjing, Director of Research with the China Index Academy said a range of different property-buying measures have already been rolled out across China. In late January, Shanghai revised its home buying requirements by allowing eligible non-local individuals to buy one residential apartment each outside the city’s downtown area. Shenzhen and Guangzhou in Guangdong province as well as Suzhou, Jiangsu province, also modified related housing policies ahead of the Chinese New Year. Some positive signs relating to the property market were seen in the National Bureau of Statistics (NBS) data released in mid-March. “In month-on-month terms, the new home price index drop in 70 major Chinese cities has been narrowing for three consecutive months,” Yan said. “Given the continuous supportive measures from local governments, buying enthusiasm as well as home sales volume, both picked up in March, making us believe home prices stabilization is on a solid footing,” Yan said, as reported by the China Daily.

IT & TELECOM

Chinese consumers interested in AI phones

Chinese smartphones upgraded with an artificial intelligence (AI) assistant can now easily translate a 3,000-word English news report into Chinese, write a summary and provide an understanding of the article. Celia, the voice-activated assistant from Huawei, has become smarter thanks to the company’s self-developed large language model (LLM), a key technology that enables computers to perform multiple tasks, such as writing essays, sketching out business plans, and creating videos. Celia can assist the user in copywriting, and in providing personalized suggestions and recommendations. Chinese consumers are increasingly interested in next-generation AI smartphones, or those that run on-device generative AI LLMs. AI has become the focal marketing message at recent flagship smartphone launches, with more to follow this year, according to experts and company executives.

As AI impacts all corners of the devices market, **smartphones are expected to drive the AI revolution into every home**, according to a report by global market consultancy International Data Corp (IDC). IDC’s preliminary forecast suggests 170 million next-generation AI smartphones will be shipped in 2024, representing almost 15% of total smartphone shipments and a sizable jump from the roughly 51 million shipped in 2023. This share is expected to climb rapidly beyond 2024 as industry players push aggressively toward new chips, and as use cases evolve further, IDC said. “Nobody wants to be seen as being behind the curve, and AI is just the talk of the town. It is the buzzword this year that all the vendors are going to be jumping on,” said Bryan Ma, Vice President of client devices research at IDC.

Chinese smartphone vendors, who are well aware of the opportunities ahead, are scrambling to announce that they are “all in on AI”. **Oppo** said in February it **has established an AI center**, dedicated to research and development

(R&D) into AI and its applications. "Following feature phones and smartphones, next-gen AI smartphones will represent the third major transformative stage in the mobile phone industry. In the era of AI smartphones, both the mobile phone industry and user experience will witness revolutionary changes," said Pete Lau, Chief Product Officer of Oppo.

The company said that in the second quarter of 2024, the Oppo Reno 11 Series will be equipped with advanced generative AI capabilities, including the innovative AI Eraser function which can help consumers automatically erase unwanted objects on their photos. Oppo has released its own LLM AndesGPT, which has three major technical characteristics – dialogue enhancement, personalization, and cloud-device collaboration. Following the introduction of its Find X7 series, Oppo's existing generative AI features include intelligent object removal in photos and phone conversation summaries, the company said.

Rival **Xiaomi Corp is also strengthening R&D efforts to crack the high-end, AI-backed smartphone market** where competitors are all pushing to expand their presence, despite what experts call "limited progress" so far. Lei Jun, CEO of Xiaomi, has said that this is "the only way for Xiaomi to grow" and has described it "as a battle of life and death". "Xiaomi fully embraces the research on AI LLMs," Lei said, adding that the company's voice-activated AI assistant has been upgraded to support an LLM. He said Xiaomi has engaged in AI research since July 2016 and that the company had established a team in April last year for R&D of an LLM. It has, at present, over 3,000 employees working on AI-related research.

Chinese smartphone brand Realme has also enhanced its AI push to gain an advantage amid fierce competition, as the technology is expected to give a strong boost to the smartphone sector. Xu Qi, Vice President of Realme, said the company is strategically positioning itself to capitalize on this opportunity by extensively integrating AI into its smartphones. Realme has been laying the groundwork for AI for several years, boasting a dedicated AI team actively advancing related initiatives, Xu said. In the broader context of the smartphone industry, major players like Huawei, Honor and Oppo have already embraced AI, incorporating large models, AI systems and functionalities. Realme aims to differentiate itself by focusing on AI assistants, AI entertainment, AI imaging and AI efficiency around the overall use scenario of young users.

Xiaodu Technology, the smart speaker unit of Baidu, has also **released its education-oriented smartphone** equipped with an AI-powered LLM that is targeted at students, in a bid to carve out a niche in the world's largest smartphone market. The company said the smartphone, called Xiaodu Qinghe, provides AI-enabled tutoring, English-speaking training and interactive learning guidance for primary and middle school students, as the company aims to extend its footprint in the education hardware segment.

Chinese smartphone company Honor is also eager to integrate AI into its devices. Zhao Ming, CEO of Honor, said: "We believe AI will reconstruct operating systems and rebuild our future smartphone experience. Honor will advance our AI strategy by integrating it across our operating system and all devices, ensuring a human-centric experience that delights our users with every interaction." Honor has invested more than CNY10 billion into specialized AI R&D, the China Daily reports.

AUTOMOTIVE

Autonomous buses and digital roads a reality in Xiong'an

Chen Xueying has become accustomed to **taking the autonomous driving bus to and from work** every day by clicking on her phone to book in advance. It's not a scene out of a science-fiction film, but the reality of her life in Rongdong district of the Xiong'an New Area in Hebei province. "It's safe and free," the 27-year-old Xiong'an resident said, adding that the bus trip takes just over 10 minutes and is much more convenient than driving to work in rush hour.

The autonomous driving buses are capable of sensing traffic information, such as stoplights, within a 240-meter range. They can respond to sudden situations by braking or changing lanes with a reaction speed 10 times faster than that of a human driver, said Kou Tianhao, from Yuexiang Xiong'an Technology, which operates the vehicles. "It's a Level 4 autonomous driving bus independently developed by the company, which is currently the highest level of autonomy achieved by such technology in China," he said. The level of autonomous driving vehicles ranges from 0 to 5, with Level 4 not requiring human intervention and Level 5 classified as fully autonomous.

The buses are equipped with over 20 sensing devices, including laser radar and high-definition cameras, which constantly capture traffic information and then transmit the data to a decision-making central computer. However, a safety officer is onboard to intervene in operations when absolutely necessary, Kou said. About 20 such vehicles are running on routes connecting residential communities, major parks and transportation hubs in Rongdong district. The successful operation of these autonomous vehicles relies heavily on **the construction of digital roads**. Rongdong is the first district to complete comprehensive digital road construction in Xiong'an New Area, according to the government. Along its 153 kilometers of roads including main, secondary and branch roads, and alleys, have been installed multifunction information poles, laser radars, electronic toll cameras and other sensing devices, as well as supporting intelligent equipment to monitor the roads and transmit and analyze data. More districts including Xiongdong, Rongxi and a startup area will also introduce digital roads, making the total length of such roads more than 500 kilometers in Xiong'an New Area, the government website said.

City traffic data obtained from various sources such as the sensing devices, will be brought together in a unified platform for integration and display. The Digital Road Intelligent Operation Center utilizes big data analysis and algorithms to address problems in traffic management, according to China Telecom Digital City Technology, the operating company. "The center will utilize algorithm models to optimize signal-light timing to improve vehicle movement efficiency and reduce traffic congestion," said Feng Shuntian, head of the company's intelligent transportation products division. The center's data analysis might also help traffic management departments to have a better understanding of traffic flow, and make advance preparations and scheduling arrangements, Feng added.

Digital roads and the intelligent operation center have presented effective solutions for Xiong'an to address traffic problems, one of the drawbacks of "big city malaise" that the area was designed to solve. The establishment of Xiong'an New Area – located about 100 kilometers southwest of Beijing – was announced in April 2017. The flagship project was intended to relieve Beijing of non-essential capital city functions and advance the coordinated development of the Beijing-Tianjin-Hebei region. Centrally administered state-owned enterprises (SOEs) have so far set up more than 200 subsidiaries and branches in Xiong'an.

Xiong'an is also attracting business people and innovative companies from around the world. "I see a lot of prospects and opportunities in this city," said Godsword Chinemerem from Nigeria, who has set up a logistics company in Xiong'an. He plans to ship goods from Xiong'an to African markets via Tianjin Port. Omane Kwakye from Ghana also sees his future in Xiong'an where the cost of living and doing business is more friendly for startups. He plans to bring technological advances to African countries. So far, 16 policy measures have been announced to attract global talent, including top scientists, high-level research teams and new university graduates. Eligible scientists can receive research funding of up to CNY50 million, the China Daily reports.

CHINA NEWS ROUND-UP

Chinese banks cut salaries, rescind bonuses

China's most vibrant banks reported the largest salary cuts among financial institutions last year, while 10 state-controlled lenders also demanded that employees return bonuses as the government tries to reshape the financial sector. The large pay cuts came as the 12 national joint-stock banks are increasingly struggling with debts in the property market and at local government financing vehicles (LGFVs). Bohai Bank, based in the debt-ridden northern municipality of Tianjin, reported the largest pay cut of 11.8% to an average annual salary of CNY438,000 per employee, followed by an 8.5% cut at Ping An Bank and 6% cuts from China Merchants Bank (CMB) and China Citic Bank. Industrial Bank registered a cut of 3.3%, while China Everbright Bank reported a cut of 3%. The data was retrieved from HR expenditures included in annual financial reports. The figures also include welfare and other items, but it is widely used in China as a proxy for salary trends.

Meanwhile, 10 financial institutions also revealed they demanded employees return performance-based bonuses worth a combined CNY99.88 million in 2023, compared to only three in 2022. China Merchants Bank (CMB) ordered 4,415 employees to return a total of CNY43.3 million. Bank of China (BOC) made similar requests to 2,059 employees, while 499 employees at Bohai Bank were also asked to return bonuses, according to bank filings. "Almost all employees in the industry have experienced salary cuts in the past few years. Now, the ratio of actual wages to payable wages is around 60%." said a Guangzhou-based banker, who asked not to be identified due to the sensitivity of the issue.

"For example, an ordinary employee who has worked at an ICBC branch for 20 years gets about CNY200,000 a year, which is far less than before the Covid-19 pandemic. "Even so, the competition is still fierce. In the asset custody department where I work, the new colleagues all graduated from world-renowned universities, and their income is about CNY6,000 after tax." ICBC, China's largest bank in terms of assets, and fellow big-six member China Construction Bank (CCB) reported a 2% fall in human capital expenditure last year. Meanwhile, managers at several banks, including China Merchants Bank, Citic Bank, China Zheshang Bank, and China Minsheng Bank, have seen maximum pay cuts of over 60%, said STCN, a news portal under the state-owned Securities Times newspaper. China's banking regulator initiated a mechanism of pay deferral and clawback to deter and monitor senior executives and employees in positions of responsibility since 2021, which included staff who had resigned or retired. Banks accounted for around 90% of China's CNY461 trillion financial industry last year, with the vast majority controlled by governments at different levels, the South China Morning Post reports.

Foreign Minister Wang Yi urges Europe to support free trade

Europe should support free trade with China and follow the policies of openness, Foreign Minister Wang Yi told his visiting French counterpart Stéphane Séjourné in Beijing. Meanwhile, Séjourné told Wang that France wants China to send a "clear message" to Russia about the Ukraine war, adding that global trade depended on a just peace. He added: "There will be no security for Europeans if there is no peace in accordance with international law. It is an essential issue for us, which is why France is determined to maintain a close dialogue with China." Séjourné said Beijing "plays a key role in respect for international law, including on Ukraine's sovereignty, and therefore we are clearly expecting that China will send very clear messages to Russia". The two Foreign Ministers also called for an "an immediate and lasting ceasefire" in Gaza.

Séjourné's visit is the second time a French Foreign Minister has gone to China in less than six months, following the trip by his predecessor Catherine Colonna in November. During the meeting, Wang focused on Beijing's concerns that Europe has been "de-risking" its supply chains to reduce its dependence on China. "We hope that together with Europe, we will adhere to the policies of openness, support free trade and maintain the stability of the global industrial supply chain," Wang said. He also said China would like to buy more French products and services and provide a better operating environment for French companies in China. In return, Wang said, he hoped France would provide a "fair, just and predictable" business environment for Chinese firms.

Minister Wang Yi was also asked about a European Union probe into subsidies for Chinese electric vehicle makers that might result in new import duties. He responded by saying: **"Only openness leads to progress, isolation only leads to backwardness."** Séjourné told Wang "that it is not desirable to decouple from China". He said the European Union was still open to Chinese investment but wanted to "de-risk" the relationship after the Covid-19 pandemic and Ukraine war had highlighted the dangers of being over reliant on one market.

Wang said the two countries will continue cooperation in areas such as aerospace, nuclear energy, agriculture, finance, green energy, as well as science, education, sports and cultural heritage, as "our common interests far outweigh our differences". "I believe that it has been proved, and will continue to be proved, that China is an opportunity and not a risk for Europe. Both sides are partners and not rivals," Wang said, as reported by the South China Morning Post.

China reducing reliance on ASML's lithography machines

Beijing-based Naura Technology Group started research on lithography systems last month, as China's semiconductor tool makers try workarounds to produce advanced chips without the latest equipment from Dutch giant ASML, a breakthrough that could potentially thwart U.S. attempts to contain China's chip-making capabilities. The efforts, which involve multiple players in China's semiconductor supply chain, have made preliminary research progress, with a patent application by Huawei Technologies last month revealing a technique known as self-aligned quadruple patterning (SAQP), allowing to etch lines on silicon wafers multiple times to increase transistor density and chip performance. The patent, which combines advanced etching and lithography, "will increase the design freedom of circuit patterns", according to a filing to the China National Intellectual Property Administration (NIPA), which was first reported by Bloomberg. By using SAQP with deep ultraviolet lithography (DUV) machines from ASML and Japanese suppliers like Nikon, China could make sophisticated 5-nanometer chips without the need for more advanced extreme ultraviolet (EUV) tools only available from ASML.

Chinese companies have been denied access to EUV technology, but have stockpiled DUV machines in recent years amid fears of tighter export controls by Washington and its allies. Chinese President Xi Jinping told visiting Dutch Prime Minister Mark Rutte in Beijing in March that "no force can stop the pace of China's scientific and technological development and progress", while Chinese Commerce Minister Wang Wentao told his Dutch counterpart Geoffrey van Leeuwen that the Netherlands should fulfill "contractual obligations" and ensure the normal trade of lithography machines.

Meanwhile, China's decade-long effort to develop its own lithography machines has hit a wall. The state-owned Shanghai Micro Electronics Equipment Group (SMEE), the country's sole lithography systems maker, has not come anywhere close to developing machines that match those of ASML. In December 2022, SMEE was added to a U.S. trade blacklist over national security concerns, meaning it is even less likely to achieve a breakthrough.

A number of Chinese chip tool makers have emerged as important players in efforts to cut the country's reliance on imported machines. Naura Technology Group has conducted preliminary research into lithography systems since March after it established a special program last December. The company has told a small group of engineers to begin research on lithography systems, which is beyond its traditional expertise in etching and film deposition. While it is far from certain that Naura's new research efforts will pay off, the move shows the determination by the country's chip industry to break U.S. sanctions aimed at curbing China's advances in semiconductors and artificial intelligence.

Premier Li Qiang warns the U.S. not to politicize economic and trade issues

During a meeting with U.S. Treasury Secretary Janet Yellen in Beijing, Chinese Premier Li Qiang underlined the need for China and the United States to work as partners instead of rivals, and he urged Washington to "objectively" view China's production capacity. It is hoped that the U.S. will abide by the basic norms of the market economy, including fair competition and open cooperation, and refrain from turning economic and trade issues into political or security issues, Li said. Regarding the so-called "overcapacity" concerns of Washington, the Premier said the U.S. should view the issue objectively from a market-oriented and global perspective. The development of China's new energy sector will make significant contributions to the global green and low-carbon transition, he added. Noting that China and the U.S., as the world's two largest economies, have deeply converging economic interests, Li said that strengthening bilateral economic and trade cooperation is of great significance for their respective development and also for global economic growth.

Both sides should enhance communication to find ways to manage and resolve differences, and to make China-U.S. economic and trade cooperation stable, smooth and efficient, Li said. The Premier also said that China is willing to strengthen policy coordination with the U.S. in addressing climate change and jointly tackling global challenges.

Secretary Yellen arrived in China on April 4, with her first stop being Guangzhou, Guangdong province, where she met with Vice Premier He Lifeng. Both exchanged views on the macroeconomic situations of the two countries and the world, as well as China-U.S. economic relations and global challenges. Yellen's China visit follows **a phone conversation between President Xi Jinping and U.S. President Joe Biden**, in which both sides agreed to strengthen dialogue, manage differences, promote cooperation and work toward the stable development of bilateral ties. Secretary Yellen told Premier Li that the U.S. does not seek decoupling from China, and is willing to engage in candid communication to avoid misunderstandings.

Zhang Monan, Deputy Director of the Institute of American and European Studies at the China Center for International Economic Exchanges, said the U.S. has pursued a policy of containment and suppression of China as a strategic competitor in recent years. Yet bilateral economic and trade ties are deeply integrated, and even if the U.S. intends to reduce its dependence on China, the connections cannot be severed, she said. "Most industries in the U.S. are poised to enter a restocking cycle this year, and import demand is expected to expand in consumer electronics, furniture, building materials, food, agricultural products, textiles, clothing and other goods," Zhang said. "At the same time, China's strategy of expanding domestic demand and advancing high-level opening-up will further unleash the potential of its ultra-large market, which will help strengthen its economic and trade ties with the U.S.," she added. Zhang also said the top priority for the two countries to improve economic and trade ties should be to repeal the extra U.S. tariffs imposed on Chinese goods, the China Daily reports.

New large cargo drone to be tested

A new large drone built by the Aviation Industry Corp of China (AVIC), the country's leading aircraft manufacturer, has entered the flight-test phase and will carry out its first flight soon. The HH-100 commercial unmanned cargo plane finished its final high-speed autonomous taxiing test, the last preparatory task before its maiden flight, at Beichuan Yongchang Airport in Sichuan province, AVIC said in a news release. During the test, an HH-100 prototype taxied at a high speed on a runway and then slightly lifted its nose wheel, to verify the autonomous taxiing control system, AVIC said. After the test, the HH-100 project will begin its flight test phase, the company said.

Developed by AVIC Xi'an Aircraft Industry in Shaanxi province, HH-100 is the latest freight drone model to have emerged as a result of the nation's flourishing express delivery industry and the government's efforts to make full use of China's low-altitude airspace. With a maximum takeoff weight of 2 metric tons, an HH-100 will be able to fly 520 kilometers with a payload of 700 kilograms, and even farther with lighter payloads. The twin-engine model has been designed with a maximum cruising speed of 300 km per hour and a ceiling altitude of 5,000 meters.

Dong Jianhong, the HH-100's Chief Designer, said the drone will be capable of serving a wide range of businesses, including short-range cargo transportation, fire monitoring and suppression, delivery of emergency supplies and cloud seeding. The drone features many advantages such as low costs in procurement, operations and maintenance, and a high payload capacity. All of its components are domestically made, he said. In addition to the HH-100, AVIC has designed and tested several other cargo drones. The largest of them, the TP2000, will be able to carry up to 2 metric tons of cargo and will have a flight radius of 2,000 km. It is expected to conduct its maiden flight next year.

Industry observers say drones have a promising future as China relaxes its control over low-altitude airspace and online shopping is booming. Nearly all of China's large couriers, including China Post and SF Express, as well as online retailer JD have been investing in delivery drones for many years to service time-sensitive consumers. Globally, Amazon and DHL Express have developed and used drones for delivery service in some trial runs, and are continuing to fund such programs, the China Daily reports.

Car sales accelerate in March

Many carmakers saw their March sales rise in China, fueled by the popularity of new energy vehicles (NEVs) and amid fierce competition that analysts expect to continue throughout the year. BYD reclaimed the title of best-selling car maker in March. The comeback after a hiatus of two months was due to the increased number of working days in March compared with February, which included the weeklong Spring Festival holiday this year, and also the launch of cheaper models that started in February. BYD delivered 302,500 vehicles last month, up

46.06% year-on-year. They brought the Q1 sales of the carmaker backed by Warren Buffett to 626,300 units, a 13.44% rise from the same period of 2023. **Chery**, which was the sales champion in February, delivered 181,585 vehicles in March, which marked a 45.3% rise from the same month of 2023. Its Q1 sales rose more than 60% year-on-year to 529,604 units. The carmaker, based in Wuhu, Anhui province, has been accelerating its transition toward electrification, especially in the segment of plug-in hybrids that has seen faster growth than pure electric vehicles.

Geely Auto, which owns namesake Geely as well as Lynk & Co and Zeekr, saw its March sales grow 39% year-on-year to 150,800 units. The carmaker delivered 475,700 vehicles to buyers in Q1, up 49% year-on-year, with 87,000 sold outside China. NEVs and overseas markets are also driving up **Great Wall Motors'** performance. As China's largest pickup and SUV maker, GWM sold 100,276 vehicles in March, up 11% year-on-year. Its Q1 deliveries stood at 275,333 units, up 25.11% from the same quarter of 2023. Though the growth figures were not as impressive as other major carmakers, a breakdown shows that GWM's NEV sales soared 66.34% year-on-year to 21,882 units in March. Their deliveries surged 112.82% year-on-year to 59,182 units from January to March. In overseas markets, GWM's Q1 sales stood at 92,778 units, up 78.51% year-on-year and accounting for a third of the carmaker's total deliveries in the quarter. At a Thailand auto show in late March, the carmaker showcased models from its marques including Poer, Haval, Tank and Ora. GWM is the first Chinese automaker to produce NEVs in the country. In addition to the Thai market, the company is considering exports to other Southeast Asian countries.

Of the startups, Aito codeveloped by Huawei and Seres sat atop the list in March. It delivered 31,727 vehicles that month, up 33% from February. Aito's popularity comes primarily from its bond with Huawei, which boasts leading driving-assist solutions. Li Auto followed with 28,984 units. That represented a 39.4% rise, but fell short of the start-up's goal of monthly sales returnimg to 50,000 units, primarily because of negative comments over the styling of its electric Mega MPV. Nio, known for its customer loyalty and battery-swapping technology, sold 11,866 units in March, up 14.3% year-on-year and 45.9% from February. The startup has been cutting its prices and also plans to roll out models under its more affordable brand Onvo.

The China Passenger Car Association (CPCA) estimates that wholesale NEV sales would reach 820,000 units in March, up 33% year-on-year and 84% month-on-month. Cui Dongshu, Secretary General of the Association, expects price competition to continue throughout this year as the focus is shifting from electric powertrains to smart driving features. In addition, authorities are coming up with favorable policies to boost vehicle sales. Earlier this month, the country's central bank and the National Financial Regulatory Administration released a plan to relax the loan ratios for personal vehicle purchases, the China Daily reports.

North-bound China-Europe freight trains see increased business

Railway freight lines connecting China to Europe via northeastern land ports recorded 1,443 inbound and outbound trips in the first quarter of the year – a year-on-year increase of 7.6% – according to the China Railway Harbin Group. Trains that pass through Manzhouli Port in Inner Mongolia and through Suifenhe Port and Tongjiang Port in Heilongjiang province moved 151,000 standard-sized shipping containers in the first quarter, a record high and up 6.9% year-on-year. The number of return freight trains through the three ports in the first quarter ranked first in China. The use of China-Europe freight train routes has grown substantially since the beginning of the year, with the monthly average volume passing through Tongjiang Port, for example, increasing by 166% year-on-year.

There are currently 24 routes in use by China-Europe freight trains through the three ports, connecting more than 60 Chinese cities with European cities in 14 countries, including Russia, Germany, Poland and Belgium. The types of goods being transported have also expanded. Mainly electric products at first, they now encompass 12 major categories that also include daily necessities, general merchandise, mechanical equipment, metals, agricultural products and timber. "The goods transported through Manzhouli Railway Port have evolved from daily necessities such as toothpaste and toothbrushes to large-scale machinery, high-end electronic products and domestically produced automobiles," said train driver Zhang Xiaojun. "I feel proud of having witnessed the rapid development of the country in international trade," he added.

On March 14, a China-Europe freight train loaded with 55 containers carrying 1,300 metric tons of amino acids left the Harbin International Container Center Station bound for Tilburg in the Netherlands, launching the first China-Europe freight train route from Heilongjiang to the Netherlands. The route, covering 10,257 kilometers, passes through the Manzhouli Railway Port. "Recently, we established warehouses in the Netherlands. Compared to maritime transportation, the China-Europe freight train saves two-thirds of the transportation time, which is beneficial for the company's future expansion into the European market," said Ha Wanjun, Deputy General Manager of Heilongjiang Yipin Biotechnology Co.

In recent years, to ensure the smooth delivery of imports and exports, China Railway Harbin Group has promoted online services by the e-commerce website 95306.cn and special transportation plans for different enterprises. In the second quarter, renovation projects are expected to begin on the Harbin-Suifenhe Railway and the Xilingkou to Boketu section of the Harbin-Manzhouli Railway. The group said the projects aim to address issues such as steep gradients, tight curves and low train speeds on existing lines, with the goal of improving efficiency, the China Daily reports.

China expected to become third-largest patent filer at European Patent Office

China is likely to overtake Japan and become the third-largest patents filer at the European Patent Office (EPO) this year, as Chinese companies display continued innovation and embrace the international intellectual property system for IP protection. Chinese companies and inventors filed 20,735 patent applications in 2023, trailing Japan's 21,520 applications, Germany with 24,966 and the United States with 48,155. Aidan Kendrick, Chief Business Analyst at the EPO, told China Daily in an exclusive interview that patent applications from Chinese companies at the EPO grew by 8.8% year-on-year in 2023. “It is always difficult to make forecasts, but if one were to extrapolate the trends of patent applications from China and the next higher-ranked countries, China could move up a spot to rank third already in 2024,” Kendrick said. The growth in 2023 is part of a trend as patent filings from China at the EPO have more than doubled over the past five years. Patent filings from Chinese companies and research institutes now account for more than a tenth of all applications at the EPO.

The main drivers for growth from China in 2023 were increases in filings in China's top two technical fields: electrical machinery, apparatus, energy (including battery technologies) and digital communications. In the sub-field of battery technology, China has increased its share significantly in the past five years, and now accounts for 20% of all patent applications at the EPO. In 2023, three Chinese companies (CATL, Amperex and BYD) were among the top 10 applicants at the EPO for battery technology-related patent applications.

Meanwhile, patent applications from Chinese firms increased in organic fine chemistry. China National Chemical Corp was ranked No 5 in this technology field at the EPO in 2023 among all companies. Patent applications from China have also increased in several other fields, including medical technology with an annual growth rate of 27.7% in 2023, and biotechnology with an annual growth rate of 23.7%. “This shows that while Chinese companies are still highly specialized in key technologies, they are increasingly patenting in a diverse range of other fields, so innovation is taking place across key sectors,” Kendrick said.

“The increased presence of Chinese companies across the leading technology fields in the latest Patent Index reflects their investments in R&D and their focus on high-growth technology sectors, from digital communication and electrical machinery to medical technology and biotechnology, and their interest in protecting their inventions on the European market,” he added. Specifically, Huawei has been the top applicant at the EPO in five of the past seven years; the company increased its filing in 2023 to more than 5,000 applications at the EPO. There are seven Chinese companies among the Top 50 applicants at the EPO, including Huawei, ZTE, Contemporary Amperex, Oppo Mobile, Vivo Mobile, Xiaomi and Honor Device, the China Daily reports.

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