

China Business Weekly

18 February 2025

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FCCC
VCKK

FLANDERS-CHINA CHAMBER OF COMMERCE
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

PAST EVENTS

Chinese New Year Reception & 20th Anniversary Celebration of the Flanders China Chamber of Commerce – 10 February 2025 – Brussels



On **February 10**, the **Flanders-China Chamber of Commerce (FCCC)** celebrated its **20th anniversary** and the **Year of the Snake** at the **Flemish Parliament in Brussels**. The event brought together over **200 attendees**, including business leaders, government officials, and representatives from both Flanders and China.

The celebration was opened by **Mr. Philippe Latour**, Chairman of the FCCC, and **Mrs. Gwenn Sonck**, Executive Director of the FCCC, who warmly welcomed the distinguished guests. The event featured keynote speeches from **H.E. Mr. Fei Shengchao**, Ambassador of the People's Republic of China to Belgium, and **Mr. Matthias Diependaele**, Minister-President of the Government of Flanders and Flemish Minister for Economy, Innovation, Industry, Foreign Affairs, Digitalisation, and Facility Management.

Both speakers congratulated FCCC on its two decades of fostering strong **trade and economic ties between Flanders and China**. Their speeches highlighted the **importance of dialogue and cooperation** in navigating challenges and seizing new opportunities in business and investment.

The event was a special moment to reflect on FCCC's contributions in **bridging business communities**, supporting companies in both regions, and encouraging economic collaboration.

A heartfelt thank you to:

Our sponsors for making this milestone celebration possible: **Bank of China, COSCO SHIPPING, De Clercq & Partners, Huawei Belgium, Juneyao Airlines, Maasmechelen Village, and Orsini Diamonds.**

And to:

Our founding members: Ageas Group, Ahlers Belgium, Barco, Bekaert, DEME Group, ECO3, KBC Bank & Verzekering, Picanol Weaving Machines and Umicore.

Our structural partners: Flanders Investment & Trade (FIT), Baker McKenzie Belgium, China Telecom Europe, Ghent University, Ostend-Bruges Airport, VITO and Weihai – Investment Environment – Shandong Province, China.

And all our members!

FCCC/EUCBA ACTIVITIES

Webinar: "Doing Business in the Yangtze River Delta"

11 March 2025 – 10:00-11:00 CET

The poster for the webinar "Doing Business in the Yangtze River Delta" features the logos of the Flanders-China Chamber of Commerce (FCCC/VCKK) and Flanders Investment & Trade (FIT). It includes a map of the Yangtze River Delta region, highlighting Shanghai, Jiangsu Province, Zhejiang Province, and Anhui Province. The text on the poster reads: "WEBINAR China – Zakendoen in de Yangtze Delta – Vlev's China aan het woord 11 maart – 10 u". Below the text are three circular portraits of the speakers: Koen De Ridder (Vlaams economisch vertegenwoordiger in Beijing), Frank Van Eynde (Vlaams economisch vertegenwoordiger in Shanghai), and Gwenn Sonck (Directeur Vlaams-Chinese Kamer van Koophandel).

The Flanders-China Chamber of Commerce (FCCC) and Flanders Investment & Trade (FIT) are organizing an exclusive webinar: **"Doing Business in the Yangtze River Delta."** Flemish Economic Representatives Mr. Koen De Ridder (Beijing) and Mr. Frank Van Eynde (Shanghai) will share their expertise, insider tips, and business opportunities in this dynamic region.

The Yangtze River Delta: The Economic Heart of China

The Yangtze River Delta (YRD) is one of the most dynamic economic regions in the world. This area, approximately 26 times the size of Flanders and with more than 34 times its population, serves as the engine of the Chinese economy. With 227 million inhabitants and contributing 25% of China's GDP, the YRD surpasses the economies of some G7 countries. In addition to its economic strength, the YRD is also a center of innovation, accounting for one-third of China's total R&D investments. Don't miss this opportunity to gain insights into one of the world's most important economic hubs!

Program

10:00-10:05: Introduction – **Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce**

10:05-10:20: Do's and Don'ts of Doing Business with China – **Koen De Ridder, Flemish Economic Representative in Beijing**

10:20-10:45: Trade Opportunities and the Economic Landscape of the Yangtze Delta, with a Focus on Hangzhou and Shanghai – **Frank Van Eynde, Flemish Economic Representative in Shanghai**

10:45: Q&A Session

Practical information

Date: 11 March 2025

Time: 10:00 - 11:00 CET

Location: Online

Price members: Free

Price non members: Free

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Exclusive Innovation Trip China 2025 led by Carl Decaluwé, Governor of the Province of West Flanders – 25-31 May 2025 – NEW PROGRAM



Discover innovation in China. Exclusive inspiration trip to Zhejiang province led by Provincial Governor Carl Decaluwé.

- Do you want to innovate and discover groundbreaking ideas?
- Do you want to discover China's technological leading edge and visit advanced technological companies?
- Do you want to network with Chinese managers and Belgian expats?
- Do you want to take advantage of the bilateral cooperation between the provinces of West Flanders and Zhejiang?

Take this unique opportunity and travel to Zhejiang, China's innovative hotspot and sister province of West Flanders, from 25 to 31 May, 2025.

What to expect?

- Visits to advanced technological companies
- Inspiring meetings with pioneers in industry
- Unique networking moments with Chinese and Belgian top managers

25 years ago West Flanders and Zhejiang signed a friendship agreement that would lead to a valuable partnership in academic exchanges, medical services and the circular economy.

To celebrate the 25th anniversary of this successful cooperation, the Province of West Flanders and the Flanders-China Chamber of Commerce (FCCC) are organizing an exclusive innovation trip to Zhejiang. This trip, led by Provincial Governor Carl Decaluwé, is also a unique opportunity to discover what innovation could offer in the future. Professor Dr. Rudy Aernoudt, Economics Professor at UGhent, is providing contextual advice for the trip.

Hangzhou, capital of Zhejiang province and home base of e-commerce giant Alibaba Group, has been nominated the best city for innovation. The city, where the gaming company Netease and Geely Auto are also located, has invested extensively in science and technology.

Following are four reasons to participate in the innovation trip with exclusive visits to some of the “six tigers” of Hangzhou (Brainco, Unitree, DeepSeek, Gamescience, etc.) and of course Alibaba!

Do you want to innovate and are looking for ideas? Zhejiang is one of the most dynamic provinces of China and a pioneer in the fields of technology, e-commerce, sustainability and innovative industries. China, the second largest economy in the world, has an enormous market potential and the innovative capacity of the country is constantly growing. Cities like Hangzhou and Shanghai have become breeding grounds of advanced technology.

Do you want to be introduced to China's innovation and visit advanced technology companies? The innovation trip will take you to Hangzhou, home of the “six tigers”, including Brainco (brain computer interface), Unitree (robots), DeepSeek (AI start-up) en Gamescience (Wukong game). These high-tech companies are considered the beginning of a transformative period for the city. We will visit a few of them, such as Leapmotor (electric vehicles), Alibaba (e-commerce) and Ant Group (fintech). A visit to Shanghai will follow, the financial heart of China, an international maritime center and world leader in container handling. CEOs and experts from China's technology sector will accompany you on the company visits.

Do you want to meet Chinese company leaders and Belgian expats? In addition to official activities and company visits, the program also includes info-sessions and networking events, where you will have the opportunity to make business contacts. Following registration, you will receive a template to indicate your details and targets so we can facilitate relevant business contacts in cooperation with the Flemish Economic Representative of Flanders Investment & Trade.

Do you want to surf on the unique opportunities that the bilateral cooperation between West Flanders and Zhejiang is offering? This innovation trip offers an exclusive insight into the cooperation with Zhejiang and the future of innovation in China. Do not miss this opportunity to participate in an inspiring trip to one of the most innovative regions in the world.

PARTICIPANTS

The program is multi-sectoral.

The number of participants is limited to 25, early registration is advised.

PROGRAM

25/05: Departure to Hangzhou, capital of Zhejiang province

26/05: Hangzhou: company visits

27/05: Hangzhou: Innovation seminar, company visits and gala “Celebration of 25 years of bilateral cooperation”

28/05: Hangzhou: company visits

29/05: Hangzhou and Shanghai: Transfer to Shanghai and company visits

30/05: Shanghai: closing seminar, company visits and networking event at the Belgian Consulate-General

31/05: Departure to Brussels or participation in the optional program “World Expo Japan”

PRICE

Travel and accommodation

- Basic price: €4,889
- Single supplement: €449
- Business supplement: €3,325

SUBSIDIES, COST OF TRAVEL AND ACCOMMODATION

Also for start-ups!

Costs of travel and accommodation are to be paid by the company. Under certain circumstances, FIT may provide financial support. For more information: <https://export.flandersinvestmentandtrade.com/nl/subsidie>

Do you want more information or are you persuaded to join? Read more via the following link: <https://wetu.com/ltinerary/>

MORE QUESTIONS?

ALK BUSINESS TRAVEL

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ACTIVITIES SUPPORTED BY FCCC

China International Logistics and Supply Chain Fair (CILF) – 24-26 September 2025 – Shenzhen



With its gigantic export and import flows, China remains an important market for our logistics sector. Therefore, **Flanders Investment & Trade will again be at the China International Logistics and Supply Chain Fair (CILF) in Shenzhen with a booth.** It is the top fair of the logistics industry at which all major companies are present at senior level.

Visitors are primarily interested in international e-commerce logistics, overseas warehousing, ports and forwarding, international express deliveries and air freight, rail and road transport, logistics and supply chain solutions.

Why participate?

- China accounts for 20% of world trade. The country is the third customer and the first supplier of the EU.
- China is known as the prime logistics hub of Asia.
- 2,000 exhibitors from more than 50 countries.
- More than 300,000 visitors from more than 80 countries/regions.
- More than 70 seminars on logistics.
- The fair presents a unique opportunity to present your innovative services and products to a worldwide audience, to discover the latest trends and to find Chinese customers.

Our offer

- FIT will be present with a product sample booth (PSB).
- A PSB is a low-entry alternative to a 'classic' fair participation. It is an open space, shared with other companies. You can present your leaflets, products and samples at a favorable cost.
- You delegate a (local) representative.
- We provide reception services and arrange the booth.

What? Fair participation CILF – China International Logistics and Supply Chain Fair

Where? Shenzhen, China

When? 24 to 26 September 2025

Ultimate subscription date? 15 April 2025

Price

Product Sample Booth (PSB)

Kmo: €2,000

Large enterprise: €4,000

Organization Flanders Investment & Trade in cooperation with Port of Antwerp-Bruges

I WANT TO PARTICIPATE

Do you still have questions? Discover more information on our website or contact us. We are happy to help you.

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PUBLICATIONS

“Survey Report on the Development of Chinese Enterprises in 2024” by the Chinese Chamber of Commerce in Belgium and Luxembourg

The “**Survey Report on the Development of Chinese Enterprises in 2024**” published by the China Chamber of Commerce in Belgium and Luxembourg provides valuable insights into the latest developments, trends, and challenges faced by Chinese enterprises in 2024. It aims to support business leaders and stakeholders in making informed decisions and fostering a better understanding of the evolving business landscape.

In the post-pandemic era, global economic growth momentum is weak, with major economies struggling to grow, regional hotspots emerging frequently, and the Russia-Ukraine and Israel-Palestine conflicts maintaining high tensions, leading to increased complexity, severity, and uncertainty in the international environment. In 2023, Sino-Belgian economic and trade relations developed steadily. The bilateral trade volume reached €41.5 billion. In terms of investment, Chinese companies invested in 13 projects in Belgium, ranking 5th among all sources of investment.

Meanwhile, Chinese enterprises are facing numerous challenges. The annual survey reveals that in 2023, 56% of surveyed companies achieved year-on-year growth in operating revenue. 50% of companies reported profits, a 9 percentage point decrease compared to the previous year. Half of the surveyed companies approved of the business environment in the countries of presence. 29% of companies believed that the business environment in the countries of presence has deteriorated slightly compared to the previous year. Labor costs, tax burdens, labor policies, market access, and regulatory supervision are the top 5 factors affecting corporate production and operations.

Members of the Flanders-China Chamber of Commerce can obtain a copy of the report by sending an email to info@flanders-china.be

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FOREIGN INVESTMENT

Foreign companies focus on localization and innovation to seize new market opportunities



The year 2025 is shaping up to become a big year for some foreign companies in China. German industrial and consumer goods group Henkel's new plant, with a total investment of CNY900 million is set to begin test production in Yantai, Shandong province, later this year. The facility is expected to raise the company's production capacity to supply high-end adhesives for industries such as electronics and automobiles. "We are also planning to launch our new inspiration center for adhesive technologies in Shanghai this year, boosting our innovation capabilities for industrial businesses across China and the broader Asia-Pacific region," said Anna An, President for the China business at Henkel. "The tone-setting Central Economic Work Conference held in December emphasized technological innovation and the promotion of consumption, creating significant opportunities for multinational companies like Henkel," she added.

Echoing that sentiment, Nathan Stoner, Vice President of Cummins, a U.S. engine manufacturer, said his company aims to increase its market share in key application sectors in China, including power generation equipment for data centers, high-tech manufacturing, and the engineering, procurement and construction sectors this year. Highlighting that the company's hydrogen fuel cell products successfully powered 239 transit buses and trucks, and the accumulated mileage of over 16 million kilometers across China in 2024, Stoner, who is also Chairman of Cummins China, said the company will continue to innovate on the internal combustion engine system, including high efficiency diesel, natural gas and hydrogen internal combustion engines in China this year. "We are targeting our investments in zero-emission solutions into various Chinese regional markets where we see demand and adoption happening sooner, and iterating those products to be the best they can be, when customers want more of them," he added.

These examples highlight the growing optimism among multinational corporations regarding the long-term potential

of the Chinese market, fueled by the country's economic resilience and its commitment to innovation and openness. Initially, foreign companies were attracted by China's cost advantages and abundant labor force, using it as a base for producing competitive goods, said Xu Wei, Dean of the Macro-economic Research Department at the Development Research Center of the State Council. As China advanced its infrastructure and industrial systems, it remained a low-cost production hub while evolving to offer sophisticated, high-value manufacturing, allowing foreign companies to integrate more advanced production processes, Xu said. "With China entering a new era of green and innovation-driven growth in recent years, global investments have increasingly focused on supply chain optimization, high-end manufacturing, customized innovation, and digital and green solutions," he said.

China has been revising its sector list to attract more foreign investment. These efforts, along with the removal of all market access restrictions for foreign investors in the manufacturing sector last year, reflect the country's proactive approach to openness. Li Yongjie, Deputy International Trade Representative of the Ministry of Commerce, said China will further open up its services sector, with a particular focus on accelerating pilot programs in key areas such as telecommunications, healthcare and education. A total of 59,080 new foreign-invested firms were established across China in 2024, an increase of 9.9% year-on-year, according to the Ministry of Commerce.

Wang Xiaohong, Researcher at the China Center for International Economic Exchanges in Beijing, said that China's ongoing commitment to further opening-up and fostering innovation is positioning the country as both a key player in global supply chains, and a prime destination for investment and strategic expansion. This evolving environment is expected to create new opportunities for business growth, particularly as China adapts its policies to align with the shifting dynamics of the global economy, she said. More than half of companies from the United States plan to increase their investments in China this year, according to the 2025 China Business Climate Survey Report released by the American Chamber of Commerce in China (AmCham China) in late January. The survey, conducted from October 21 to November 15, involved a total of 368 member companies of AmCham China. It found that nearly half of the participants rank China as one of their top three global investment priorities. About 68% of the responding companies expect industry markets to see growth in 2025. Two-thirds of them plan to focus on growing their core business activities in China as their primary objective for 2025. Meanwhile, the consumer and services sectors are increasingly focused on driving growth by targeting new customer segments, the China Daily reports.

TRAVEL

China's rail network continues to break records



Remarkable progress was reported in China's railway sector. As of the end of last year, China's railway network stretched to 162,000 kilometers, with 48,000 km dedicated to high-speed rail. The network also expanded into more remote and mountainous areas, where constructing railways was once considered impossible. Freight train services linking China and Europe saw steady growth in 2024. Launched in 2011, the total number of China-Europe freight trains surpassed 100,000 last year. One of the highlights of the year was the debut of the CR450 prototypes, the next generation of high-speed trains that are faster, greener and more comfortable than those in current operation. Once they enter commercial operation, **speeds will be increased to 400 km/h from the current 350km/h.** This development underscores China's commitment to advancing transportation technology and improving efficiency.

China's railway freight and passenger volumes both reached record highs last year, playing a key role in supporting socio-economic development. According to the China State Railway Group, the national railway operator, in 2024, China's national railway handled a record 4.08 billion passenger trips, with daily traffic reaching a high of nearly 21.45 million. The network also moved 3.99 billion metric tons of cargo, marking the eighth consecutive year of growth.

Over a century ago, Sun Yat-sen, the first President of China, envisioned a modernized China in his book "The International Development of China". His plan included the construction of 1.6 million km of roads and approximately 160,000 km of railways. Last year, while Sun's vision for railways became a reality, the development of China's high-speed rail has in all likelihood exceeded his expectations. Last year, more than 3,100 km of new rail was built, including 2,457 km of high-speed rail, linking key cities and regions. **Since 2012, the total length of China's rail network has grown by more than 65%, while high-speed rail has expanded over fourfold.** Compared to 2012, when China's total railway length was 98,000 km with 9,356 km of high-speed rail, the country's rail infrastructure has undergone an impressive transformation. Li Jingwei, Deputy Director of the Development and Reform Department of the China State Railway Group,

highlighted the accelerated pace of construction. "Since 2012, the expansion of China's high-speed rail has intensified, with an average of over 3,000 km of new high-speed rail lines put into operation annually," Li said. Notably, China is the only country to achieve commercial operation of high-speed rail at 350 km/h, showcasing technological prowess, he said. He added that **the high-speed railway network covers more than 96% of cities with populations over 500,000**, including the Hong Kong Special Administrative Region (SAR).

By 2030, China aims to have built a world-class modern railway network covering about 180,000 km, including around 60,000 km of high-speed rail. This expansion will create a more efficient and interconnected transportation system, allowing passengers to travel between major cities in just one to three hours and ensuring the swift movement of cargo across the country. The expansion of the network has not only reduced travel times but also increased connectivity between major cities and more isolated areas, including regions with challenging terrain, where building roads is already difficult, let alone railways. This is particularly true in the rugged mountains of Sichuan and Tibet, where new rail lines have brought services to remote locations, boosting regional development and tourism. The improvement of China's railway network has also had a transformative effect on the tourism industry. While passenger services have seen dramatic improvements,

China's railway network is also revolutionizing global trade. A notable milestone was achieved on December 3 when freight train X8083 – carrying goods such as electronics, home appliances, auto parts and daily necessities – arrived in Duisburg, Germany, marking the 100,000th journey between China and Europe. The train, which departed from Chongqing on November 15, 2024, took 18 days to reach the German city. As a cornerstone of the Belt and Road Initiative (BRI), the China-Europe freight train has evolved into a critical link for trade and connectivity, fostering open cooperation, mutual benefit and economic integration among the countries along the route. In 2024, the service hit a significant benchmark with 19,000 China-Europe freight trains operated, transporting 2.07 million containers, an increase of 10% and 9%, respectively, compared to the previous year. Since launching in 2011, the service has transformed global trade by enhancing connectivity between China and Europe. With costs just one-fifth of air freight and transit times a quarter of sea transport, **freight trains** have become a preferred choice for many businesses. In 2023, it **accounted for over 7% of the total trade between China and Europe.** Over the past 13 years, the network has expanded rapidly, growing from a handful of routes into a comprehensive service covering most of the Eurasian region. Today, it **connects 227 cities in 25 European countries, 100 cities in 11 Asian countries**, and is continually expanding. This broadening network has significantly transformed the logistics landscape between China and Europe, offering businesses more efficient options across diverse regions, the China Daily reports.

HIGH-TECH

Hefei becoming a show-case for innovative technology and welcoming foreign visitors



At the top of foreigners' to-do list in Hefei, capital of Anhui province, is a visit to Luogang Central Park, which blends nature with cutting-edge technology. Built on the former site of an international airport, Luogang Park has been transformed into more than just a scenic escape. Visitors today can hop on autonomous-driven shuttle buses to reach different attractions, hail self-driving vending machines that stop at a mere wave of the hand, and soon, they might even be able to board air-borne cabs. A major highlight in the park is an aviation transport operation center. It is expected to be a pioneering hub for low-altitude urban air mobility, potentially making Hefei the first city in the Yangtze River Delta where people can book "air taxis". The park also serves as a testing ground for technological break-throughs, contributing to **Hefei's vision of becoming a leader in the low-altitude economy, autonomous driving and smart urban planning.**

Hefei's commitment to futuristic transportation is evident in its recent agreement with Ehang Holdings, a leading Chinese autonomous aerial vehicle company. The local government has pledged support worth USD100 million, including the purchase of its pilotless aerial vehicles. This move aligns with Hefei's action plan for the development of the low-altitude economy. The plan envisions commercial routes for aerial tourism and logistics. With self-driving vehicles, electric vertical take-off and landing (eVTOL) craft, and drone delivery services, Hefei is rapidly becoming a city where the once-imagined future is becoming reality.

For years, Hefei remained somewhat overshadowed by China's more prominent metropolises, but that perception is changing rapidly. The city is gaining traction as a hub for innovation, business and international travel. With the extension of China's visa-free transit policy to 240 hours, Hefei is set to attract an increasing number of foreign visitors. To support this policy, the Hefei Immigration Inspection Station and the airport have implemented a series of measures to enhance passenger convenience. A dedicated visa-free transit application area has been set up

to help reduce waiting times. Bilingual promotional videos explaining the policy and procedures were also published online. To further streamline the process, arrival cards are distributed onboard flights before landing.

Beyond the airport, Hefei has been making efforts to enhance its appeal to international visitors. Hotels, for instance, have been trained to facilitate seamless check-ins, bilingual signs in public spaces have been expanded, and a special immigration service counter has been established for travelers needing extended stays due to unforeseen circumstances. In a significant digital upgrade, Hefei launched a new self-service accommodation registration system on January 1. Now, foreign visitors can register their lodging by mobile phone.

Hefei's airport is also expanding its reach. In the 2024 winter travel season, the airport launched direct passenger routes to Hong Kong, Macao, Osaka, Seoul, Singapore and Bangkok, broadening access to the city for global travelers. Recognizing the needs of international travelers, the province has also focused on healthcare accessibility. The Second Hospital of Anhui Medical University inaugurated an international medical department in 2023, offering multi-lingual services, 24-hour emergency care, direct billing for international insurance, and personalized medical assistance. The facility has already served over 4,000 foreign patients in 2024, marking a 176% increase from the previous year, the hospital said.

As Hefei opens its doors wider, other cities in Anhui are also poised to benefit. Huangshan, home to China's iconic Huangshan mountain, reported a total of 92.2 million visitors in 2024, a 10.8% year-on-year increase. However, international tourist numbers remained below pre-Covid-19 levels, with only 180,000 inbound visitors in 2024 compared to 2.87 million in 2019. The introduction of the visa-free transit policy is expected to drive a strong rebound in inbound tourism. Such a transformation is part of Anhui's broader push toward modernization and economic leadership. Traditionally overshadowed by China's coastal powerhouses, **Anhui has rapidly emerged as a front runner in industries such as new energy vehicles, integrated circuits and advanced display technologies.** Today, the province produces one-fifth of China's photovoltaic modules, one-seventh of its lithium-ion batteries and one-eighth of its NEVs. Lenovo, one of the world's leading tech giants, has also cemented its presence in Hefei. "AI is not just enhancing efficiency – it's redefining what's possible in modern manufacturing," said Yang Yuanqing, Chairman and CEO of Lenovo Group. The company's Hefei factory now processes over 5,000 orders daily, with AI-powered scheduling slashing processing times from six hours to just 90 seconds, leading to a 23% increase in production efficiency, the China Daily reports.

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CHINA NEWS ROUND-UP

AI-fueled productivity could boost China's economic momentum

While artificial intelligence (AI) start-up DeepSeek surprised the world with its latest low-cost reasoning model – dubbed R1 – the revelation reignited overseas interest in Chinese tech and capital market investments while raising expectations that **a subsequent surge in AI-fueled productivity will raise economic growth**. From analysts to economists, many point to its commercialization and potential applications in domestic industries, and they have noted how China's rapid tech progress has defied mounting curbs from Washington, thereby instilling confidence that Beijing will manage to shrug off market concerns stemming from a property crisis, demographic upheavals, and a debt-fueled growth model to eventually overtake the United States as the world's No 1 economy. "This could ignite a wave of innovation and accelerate the pace of AI development, which is important for enhancing total factor productivity," said Ding Shuang, Chief Greater China Economist at Standard Chartered. Like lowering the barrier to entry in the AI field, **DeepSeek could catalyze the emergence of low-cost solutions**, he said. "While China's demographic dividend is diminishing, technological innovation holds the key to boosting labor productivity, which will remain critical for sustaining the country's medium- to high-speed economic growth," he added.

A growing number of local governments in China are rushing to adopt DeepSeek's artificial intelligence (AI) models to enhance administration and governance, reflecting the rising adoption of AI in lower levels of public management. Authorities in Longgang district in Shenzhen, Guangdong province, have utilized DeepSeek's latest model to improve the governance of its 4 million residents living in an area larger than Singapore. It is the first Chinese district government to widely embrace the start-up's low-cost, high-performance reasoning model.

DeepSeek's R1 model, released last month, improved governance efficiency on multiple fronts since its adoption on February 8, officials said. The Longgang government had worked overtime to deploy the model on Huawei Technologies' Ascend servers. Authorities "boldly" fed government data into the model, the local official in charge of the deployment was quoted as saying. An AI assistant for word processing has helped save time in drafting and proofreading documents, according to a report on the Longgang government website. In the past, it usually took a government official four to five minutes to proofread 1,000 Chinese characters, but DeepSeek's model could achieve that "in seconds", the South China Morning Post reports.

Meanwhile, Chinese President Xi Jinping hosted a meeting with some of the nation's top entrepreneurs – including six Hangzhou-based start-ups known as the "Six Little Dragons" – to recognize progress in critical areas of technological advancement and show support to the private sector. Between 20 and 30 founders and chief executives from China's largest technology companies met the President in Beijing. The meeting comes at a critical time for China before the national legislature and the political advisory body hold their annual meetings to formulate the nation's strategies to regain economic growth and chart a course through the evolving trade war and technological race with the U.S. The "two sessions" are also expected to enact legislation to better protect the private sector, the Ministry of Justice said last October. The draft law tries to address the concerns of private entrepreneurs, including protections of private property and personal rights, as well as restrictions on criminal investigations. Against headwinds, companies such as DeepSeek and Huawei have broken through with new services and products that have mitigated the impact from U.S. restrictions, the sources said.

Suzhou to become AI innovation center

As the national pilot zone for new generation artificial intelligence innovation and development, Suzhou in Jiangsu province is tailoring support policies to boost the high-quality growth of the AI industry, offering up to CNY100 million in project funding for both local and international talents. The initiative was unveiled at the **"Artificial Intelligence+" Innovation and Development Promotion Conference in Suzhou** on February 14. The policy is designed to fully back top talents in the AI field and attract and nurture individuals at the forefront of AI technology globally, with a focus on those holding key core technologies capable of making significant impact and breakthroughs. The support package includes project funding of up to CNY100 million and a housing subsidy of CNY10 million. Customized support will also be provided, including trial equipment, venues and team optimization. The conference, themed "Jointly Igniting the Future with AI+", drew around 1,000 participants, including national and provincial leaders, representatives from prominent domestic and international AI companies and figures from renowned research institutes and financial institutions.

At the event, Suzhou introduced measures to bolster talent development in the AI sector, comprising nine targeted initiatives focusing on talent recruitment, training, evaluation, incentives and services. It aims to provide support ranging from CNY5 million to CNY100 million for

entities engaging in major national AI projects and application scenarios, particularly those involving the innovative application of large models. Suzhou Mayor Wu Qingwen highlighted Suzhou's economic and industrial significance, emphasizing the city's strategic advantages in industrial scale, diverse application scenarios and robust innovation dynamics. **Suzhou has attracted over 2,100 AI-related enterprises, including 32 listed companies, seven global unicorns, along with 477 national high-tech firms.** "Suzhou has initially formed a complete industrial chain covering the basic layer, framework layer, model layer and application layer," said Wu. "By 2024, the city achieved a revenue of CNY236.2 billion, with a growth rate exceeding 20%." The city stands out nationally and globally in developing the AI industry, benefiting from its comprehensive industrial system comprising 35 major categories, 170 subcategories and 515 minor categories, providing a wide range of application scenarios for AI development.

The AI industry in Suzhou covers a wide range of sectors. A large number of leading enterprises have gathered in core areas such as speech recognition, autonomous driving, machine vision, robotics and large models. Suzhou plans to build a national new generation artificial intelligence open innovation platform for language computing and public computing power, and has already laid out facilities such as the Suzhou Artificial Intelligence Computing Center and the Kunshan Smart Computing Center. The AI-related industry scale is on track to surpass CNY300 billion by 2027, the China Daily reports.

Chinese car companies integrating DeepSeek into their own systems

More than a dozen major auto makers in China have integrated artificial intelligence (AI) startup DeepSeek's popular large language model (LLM) into their own systems, shifting the focus of competition from autonomous driving to intelligent onboard experiences. On February 6, just two weeks after the startup shocked Silicon Valley with its V3 release, Geely said it has started to use DeepSeek technology to train its own large language models, which involve vehicle control and proactive in-car interaction. Geely said this will significantly improve the vehicle's ability to learn and adapt to individual driver and passenger preferences, creating an experience that is both intuitive and highly personalized. A day later, Dongfeng Motor's premium arm Voyah said it had embedded the system as well. Its Courage and Dream are the first production models to feature DeepSeek technology.

More carmakers rushed to partner with the startup. By now, **at least 20 auto companies said they have integrated or plan to integrate DeepSeek technology.** The majority of them are local Chinese companies, with the rare exception of big joint ventures including FAW-Volkswagen and SAIC GM. With the automotive industry on the cusp of a technological revolution, industry analysts predict that the smart cabin, equipped with AI-powered systems like DeepSeek, will be the next major growth area for automakers.

Long before the arrival of DeepSeek, which was

established in 2023, **Chinese carmakers had started to work on smart cabin functions**, harnessing machine learning and natural language processing to offer human-vehicle interaction. Currently, China leads the market with a 44% share in the global digital cockpit market, according to statistics from MarketsandMarkets. The business intelligence company predicts vehicles equipped with a digital cockpit will account for 93% of all new vehicles sold in China in 2030, up from 68% in 2023. The fast adoption of digital cockpits shows that the industry would like to improve the in-car experience in a new era where cars not only drive themselves but "think" for their passengers. McKinsey analysts said these **high-tech cockpits – designed to provide personalized experiences for every occupant** – are expected to become the focal point of vehicle innovation as autonomous driving takes hold. The AI systems learn from a driver's habits, adjusting everything from seat position and air conditioning to entertainment preferences. Perhaps most notably, it also recognizes passenger emotions through subtle cues, such as facial expressions and voice tone, adjusting settings to optimize comfort and safety.

SenseAuto, a subsidiary of AI software provider SenseTime, gave a glimpse into its latest smart cabin solution, called A New Member for You, in late 2024. "It's no longer just about having a car that drives well," said Li Jie, a Shanghai-based auto analyst. "Now it's about creating an environment that enhances your quality of life, whether you're commuting, working, or relaxing," the China Daily reports.

China leads the world in investment in energy transition

China led the world in energy transition investment last year, accounting for two-thirds of the USD2.1 trillion spent globally in 2024, according to BloombergNEF (BNEF), a research and advisory firm. Driven by strong domestic demand, China remained the dominant force in clean energy investment last year, with spending focused on solar power, lithium batteries, electric vehicles, and power grids, BNEF said in its recently released Energy Transition Investment Trends 2025 report. With a 20% year-on-year growth, China alone contributed USD134 billion of the USD202 billion global investment increase in 2024. The country posted solid growth across multiple sectors, including renewables, energy storage, nuclear power, EVs, hydrogen, heat pumps and power grids, it said.

China's rapid investment surge widened its lead over other economies, with its energy transition spending more than double that of any other country. Even when adjusted for economic size, **China's investment accounted for 4.5% of its GDP, far exceeding countries like the United States with 1.2%.** China's renewable energy sector experienced a stellar year in 2024, with total installed capacity of wind and solar power surpassing 1.4 billion kilowatts, further reinforcing the country's role as a global leader in renewable energy development. Industry experts said China has always been a global leader in the green energy shift.

The Sinopec Economics and Development Research

Institute, a think tank that is part of China Petroleum and Chemical Corp, has forecast that China's investment in its energy transition is expected to surpass USD1 trillion by 2030, with a focus on enhancing energy efficiency and accelerating electrification. China has doubled the share of renewable energy in its energy investment mix, spending more than 40% of its energy transition funds on renewables, or roughly twice the amount allocated to fossil fuels, said Luo Daqing, Vice President of the Institute. Investment in China is set to continue growing in integrated energy stations, photovoltaic storage, charging hubs and supercharging stations. China also maintained its dominance in the clean energy supply chain, accounting for 81% of global supply chain investment in 2024. BNEF expects China to continue leading global clean energy spending in the years ahead. Beyond renewables, investment in other low-carbon energy sources, including nuclear power, rose sharply in 2024, underscoring a global revival of nuclear energy, the China Daily reports.

Chinese exoskeleton makers entering the global market

China's exoskeleton makers are pushing into the global market with advanced technology and cost-effective solutions to combat labor shortages and an aging workforce, or simply supporting mountain climbers and improving elderly mobility. ULS Robotics, a Shanghai-based developer founded in 2018, said that last year saw an improvement in product maturity and growing market acceptance thanks to in-house research, as the company expands beyond industrial use to individual applications. Exoskeleton technology is already deployed across industries such as mining, automotive, aerospace, energy and logistics. Zhang Hua, Market Director of ULS Robotics, said with industry as their primary users, exoskeletons not only improve efficiency but also protect workers from excessive physical strain, helping them sustain long-term careers. Beyond industrial applications, the company is piloting exoskeletons in elderly care, assisting individuals with mobility issues. "Just like vision correction, exoskeletons compensate for strength limitations," Zhang said, emphasizing the technology's potential to enhance daily life. Targeting personal use means more effort in pricing and after-sales service.

Zhang said that independent research and development (R&D) have played a key role in cost efficiency, particularly in core hardware components such as motors and drivers. By manufacturing these components in-house, ULS Robotics has significantly lowered costs – nearly halving the costs of key components, compared with imported ones, and even reduced the weight. The company has also partnered with renowned drone maker DJI's suppliers to leverage high-temperature materials for manufacturing to ensure scale production.

As a result, its FIT-U upper-limb robot weighs only 3.9 kilograms, making it one of the lightest electric upper-limb exoskeleton robots in its category globally. It provides an assistance range of 5 kg to 15 kg. Despite the industry's competitive landscape, ULS Robotics maintains a lean operational model, prioritizing financial sustainability over aggressive capital investment. "We cannot burn money like

internet companies," Zhang said. "We need to generate our own revenue, reinvest in R&D and ensure we have enough resources for future challenges." The company is also positioning exoskeletons as lifestyle products, integrating fashion and user-friendly design. The company has plans to collaborate with a new movie to create themed exoskeletons, further enhancing their consumer appeal. "We want our consumers to look cool and trendy," Zhang said.

The company has accelerated its global presence by establishing a subsidiary in Japan and seeking partners in North America and Germany. "We are not just looking for distributors, but partners with strong after-sales capabilities," Zhang said, stressing the importance of quality service in international markets. ULS Robotics is not alone in tapping into the elderly care market. **Kenqing Technology**, a high-tech robotics firm established in 2015, **has also introduced walking-assist exoskeletons designed for seniors.** During the recent Spring Festival, exoskeletons developed by Kenqing were deployed at Mount Tai, helping elderly visitors climb up the mountain. Its Ant-H1 Pro model, equipped with an advanced sensor network and power control system, provides synchronized support tailored to users' movements. "We are looking to make exoskeletons as easy to wear and light as clothing," Yu Yunbo, General Manager of Kenqing Technology said, as reported by the China Daily.

Strong increase in Chongqing's export reported

Chongqing has bolstered the growth of its key industries over the past year. Notably, laptop exports have secured the top spot nationally, while motorcycle exports ranked third. Auto exports surged to CNY43.13 billion, a 30% increase year-on-year, while electric car exports reached CNY8.21 billion, reflecting a growth of 94%, according to Chongqing Customs. Chongqing is building a world-class intelligent connected new energy vehicles industry cluster as it became the runner-up in the country in terms of auto production in 2023. According to Luo Li, Deputy Director of the Chongqing Economic and Information Commission, the city is aiming to increase the production of NEVs to 1.3 million units this year. To create a top-notch ecosystem for innovation and development, the city will further refine its service systems in automotive finance, NEV insurance as well as exports of automobiles manufactured in Chongqing. Last year, Chongqing strategically prioritized open industries, leading to a positive growth in foreign trade – achieving a total foreign trade volume of CNY715.42 billion in 2024. The city's actual use of foreign investment grew by 5.3% year-on-year, placing it among the top regions in the country in terms of growth rate, Sun Xiyong, Deputy Director of the Chongqing Municipal Commission of Commerce, said at a news conference.

Chongqing, a municipality with a population of 32 million and situated on the upper reaches of the Yangtze river, boasts key geographic advantages. It serves as a strategic transportation hub in the national development program for China's western regions and the Chengdu-Chongqing Economic Circle, as well as an intersection point for trade

and projects involved in the Belt and Road Initiative (BRI) and the Yangtze River Economic Belt. It is also the headquarters of the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity, which was launched in 2015. In 2017, the China-Singapore (Chongqing) Connectivity Initiative (CCI) launched the International Land-Sea Trade Corridor project in a bid to enhance connectivity and trade between western China and member countries of the Association of Southeast Asian Nations (ASEAN).

Sun said that as of end-2024, a total of 323 government and commercial projects were signed, amounting to USD25.75 billion. Additionally, 266 cross-border financing projects worth USD21.3 billion were successfully implemented, making Singapore the largest source of foreign investment for Chongqing. Sun, who also serves as the Deputy Director of the China-Singapore (Chongqing) Strategic Connectivity Project Management Bureau, said there will be greater cooperation between Chongqing and Singapore across various sectors this year, the China Daily reports.

10% additional tariff on China imports to cost U.S. family USD223 a year

The blanket 10% additional tariffs on Chinese imports would cost a typical U.S. family USD223 a year, according to a new study by The Budget Lab at Yale University, as researchers caution that the indirect pain from the duties is even larger. The new tariffs, which went into effect on February 4, are expected to raise the overall price level in the United States by 0.1%, equivalent to a nearly USD20 decline in monthly disposable income per household, the study found. "The policy raises roughly USD400 billion over 10 years, but less when the -0.1% lower level of GDP that results is taken into account," the Research Center said. U.S. President Donald Trump also proposed sweeping tariffs on the U.S.' two other top trade partners, Canada and Mexico, which are now on hold for a month. The full tariffs would cost the typical family USD100 a month, according to the study. It said U.S. buyers will soon face higher prices for Chinese imports, particularly for leather products, computers, electronics and optical products, electrical equipment, and textiles, which are projected to see price hikes ranging from 0.5% to 0.7%. Earlier research by institutions such as the Federal Reserve Bank of St. Louis has shown that for a substantial share of U.S. imports (nearly one-third of products), China is the cheapest source; for those items, even a modest tariff can upend established supply chains and cost structures.

The bank noted that being the lowest-price supplier does not necessarily indicate China is cheaper at supplying the same goods that are sold by other countries at higher prices. Instead, it can also suggest that China has specialized in producing goods in lower price and quality segments in many product categories. "This finding implies that **shifting away from Chinese imports could lead to increased costs across a substantial share of U.S. imports,**" the St. Louis Fed said. "It also points to the challenge of finding alternative suppliers able to match China's prices, which could be a significant hurdle in efforts to diversify supply chains."

Based on U.S. trade data in 2023, electrical and electronic

equipment tops the list of imports from China, valued at roughly USD126 billion to USD127 billion. This category of goods will be hit hardest because of its massive import volume and the sensitivity of consumer electronics to cost increases. It is followed by machinery, valued at about USD86 billion, which will also be affected as a result of its high import value and the critical role it plays in both consumer and business sectors.

In another analysis published by the Peterson Institute for International Economics in Washington, researchers also noted that **the direct cost of the Trump Administration's new tariffs would amount to more than USD1,200 a year for the typical median U.S. household.** "Trump has threatened the entire world with tariffs. Furthermore, governments abroad will retaliate," the Institute's Senior Research Fellows Kimberly Clausing and Mary E. Lovely wrote in a note on its website. Future waves of U.S. tariffs and retaliation will increase the substantial consumer costs alongside reduced economic growth, a shrinking export sector, and supply chain disruptions, they added.

Jason Furman, Economist and Professor at Harvard University and a former Chair of the Council of Economic Advisers of the United States, also noted that while the direct pain of tariffs is to the consumer's pocket, their indirect effect is even greater. The tariffs will make U.S. manufacturing more expensive, as much of the U.S. imports from China are not consumer goods but parts or machines used by manufacturing companies, Furman wrote in an article titled "The real pain of tariffs" on February 4. The China tariffs alone will not have a noticeable macro-economic effect, he wrote. However, the threat of more tariffs has raised inflation apprehensions and made the Federal Reserve cautious about further interest rate cuts, the China Daily reports.

Tesla Shanghai's Megapack factory enters production

Tesla held a ceremony on February 11 to mark the launch of production at its Megapack energy storage plant in Shanghai's Lingang New Area, meaning Tesla's China operation has entered a new phase. The energy storage Megafactory is the first of its kind built by Tesla outside the U.S. and the company's second plant in Shanghai. Mike Snyder, Vice President of Energy and Charging at Tesla, said at the ceremony that Tesla's Shanghai energy storage Megafactory is scheduled to ramp up production this quarter, which will assist Tesla to expand into more markets. Construction of the energy storage Megafactory began in May 2024. The project took just 7 months to complete, setting a new record that surpasses the "Tesla speed" established by the Tesla Shanghai Gigafactory in 2019, which is known for its "groundbreaking, production, and delivery all in the same year."

The energy storage factory covers an area of approximately 200,000 square meters, which is equivalent to the size of 30 standard soccer fields. It initially plans to produce 10,000 Megapack units a year, with a storage capacity of nearly 40 Gwh. It is expected that by 2025, Tesla's energy storage installation capacity will achieve at least 50% year-on-year growth, the company said, as reported by the Global Times.

The China Daily adds that the Megapack, an advanced battery system designed for large-scale energy projects, can store more than 3,900 kilowatt-hours of electricity in a single unit, enough capacity to power a Tesla Model 3 rear-wheel drive version for 39,000 kilometers.

The new energy storage project involved a total investment of CNY1.45 billion. According to Chen Haisheng, Chairman of the China Energy Storage Alliance, the targeted output

of new-type energy storage, such as electrochemical energy storage and hydrogen storage, will top over CNY3 trillion by the end of 2025. The cumulative installed capacity of new energy storage is estimated to reach 100 million kilowatts by the end of this year. New-type energy storage has become a new economic driver in many places in China, as demonstrated by local governments' industrial planning not only for this year but also for 2027 and even 2030, said Chen.

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