

China Business Weekly

8 April 2025



FCCC/EUCBA ACTIVITIES

Business Lunch: “The Next Big Arenas of Industrial Competition: Shaping the Future of the Global Economy and China – 6 May 2025 – Ghent



The Flanders-China Chamber of Commerce is organizing a business lunch. This event will take place on **Tuesday, 6 May at 12h00** at **‘Maaltebrugge’ Castle, Kortrijksesteenweg 1023, 9000 Gent**.

We are honoured to welcome **Dr. Karel Eloot**, Senior Partner at McKinsey Greater China, where he leads McKinsey’s IoT Hub. He is also Co-Founder of Tsinghua University’s Digital Capability Center and Chairman of the Benelux Chamber of Commerce East China – Shanghai. Having lived in Shanghai for over 28 years, Dr. Eloot brings deep expertise on China’s economic and industrial transformation.

During this business lunch, Dr. Eloot will share his insights on: **“The Next Big Arenas of Industrial Competition: Shaping the Future of the Global Economy and China”**

Drawing on cutting-edge research from the McKinsey Global Institute, the session will explore 18 emerging industries – from artificial intelligence and cybersecurity to robotics and future air mobility – expected to generate **USD29 trillion to USD48 trillion in annual revenue by 2040**.

Key discussion points will include:

- What drives the extraordinary growth and innovation in these emerging arenas
- How Greater China, the U.S., the EU, and others have positioned themselves in the past decade
- The impact of these future arenas on the global economy and society over the next 15 years
- Strategic insights for companies looking to compete and grow in this fast-evolving landscape

We look forward to welcoming you to what promises to be a highly engaging and thought-provoking event.

Practical information:

Date and time: 6 May 2025, 12h

Location: Castle ‘Maaltebrugge’, Maaltebruggekasteel, Kortrijksesteenweg 1023, 9000 Gent.

Price for members: €85

Price for non-members: €115

Deadline for subscription: 28 April 2025.

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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 Alibaba and a few of the “six tigers” of Hangzhou.

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

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Do you want more information or are you persuaded to join? Read more via the following [this link](#)

MORE QUESTIONS?

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FOREIGN TRADE

President Trump imposes 34% reciprocal tariffs on Chinese imports; China hits back with 34% tariffs on U.S. imports (Part 1)



United States President Donald Trump announced 34% tariffs on Chinese imports, unveiling them as part of a sweeping “Liberation Day” package aimed at reshaping American trade policy. The 34% comes on top of the 20% tariffs Trump earlier imposed on China. China hit back immediately with the same tariff rate of 34% on U.S. imports, additional export controls on seven rare earth elements crucial for manufacturing key products used in the semiconductor, defense, aerospace and green energy industries, and a lawsuit at the WTO. The effective tariff rate on Chinese imports now amounts to around 65%, if all applicable tariffs are included.

Meanwhile, President Trump warned China on April 7 that its imports would face an additional 50% tariff – raising the total levy to more than 100% – on April 9 unless it lifts the retaliatory levies of 34% it imposed on American goods in response to the Trump administration’s heavy new duties last week. Additionally, all talks with China concerning requested meetings will be terminated, Trump added.

China also vowed to “continue to take resolute measures” to protect its interests against “suppressive” tariffs imposed by the United States. In a position statement, China called on the world to “jointly oppose all forms of unilateralism and protectionism” and “safeguard the international system with the United Nations at its core”. The statement warned: **“We will not provoke troubles, but we never flinch when trouble comes our way.** Pressuring and threatening are not the correct way to engage with China. We have taken, and will continue to take, firm measures to defend our sovereignty, security, and development interests.” Chinese mainstream and social media have been swarming with news of the U.S. market plunge as Trump’s tariffs trigger fears of a global trade war and recession.

Speaking in the White House Rose Garden on April 2, **President Trump held up a chart listing numerous U.S. trading partners and the tariffs he said they charged the U.S.** The calculations reflected “a combined rate of all their tariffs, non-monetary barriers and other forms of cheating”, explaining that the U.S. would charge other countries about half as much as they charged the U.S.

China, he said, charged tariffs of 67% to the U.S., noting that the figure included the effects of currency manipulation and trade barriers. The new 34% tariffs on Chinese imports include a 10% universal baseline applicable to all countries plus a 24% tariff specific to the country. The 10% came into effect on April 5, while the higher reciprocal tariffs will take effect on April 9. In his second term, Trump already imposed two rounds of 10% tariffs on Chinese goods, first in February and then in March. He has cited a wide range of rationales in support of imposing tariffs, including protecting national security, addressing trade practices such as intellectual property theft, reducing the U.S. trade deficit, revitalizing domestic manufacturing and China’s role in theentanyl supply chain.

To calculate the 34% reciprocal tariffs on China, the Trump team apparently took the annual U.S. trade deficit with China, USD295 billion, then divided that by the value of imports the U.S. buys from China, USD440 billion. That calculation results in 67%, the overall tariff figure Trump claimed was the level of China’s tariffs on U.S. imports. By halving that – Trump said the U.S. was only charging half of what it is owed – and rounding up, the result was a U.S. reciprocal tariff on Chinese imports of 34%. Nancy Qian, Economist at Northwestern University, warned that assuming that every bilateral trade deficit should be zero “does not make sense in a multilateral world”.

Separately, **Trump issued an executive order to end duty exemptions for low-value shipments from China** – under the “*de minimis*” rule – starting on May 2. The policy gives duty-free treatment for packages that are worth less than USD800, and Trump first tried to eliminate the exception for China in February but implementation was paused due to logistical issues. The change is expected to have a significant effect on low-cost shipments from mainland China and Hong Kong, particularly those from e-commerce giants like Temu and Shein. In 2024, the U.S. Customs and Border Protection agency processed a daily average of more than 3.8 million *de minimis* packages, with a substantial percentage of them coming from China.

Trump said he would consider lowering tariffs on China if Beijing supported a deal for ByteDance to divest its short-video app TikTok to a U.S. buyer. He extended the sales deadline with 75 days to provide more time to reach a deal.

Responding to the tariff announcement, Liu Pengyu, Spokesperson for the Chinese embassy in Washington, said: “China’s opposition to the imposition of additional tariffs has always been consistent and clear.” “China believes that protectionism leads nowhere, and trade and tariff wars have no winners.” China has already implemented retaliatory measures to the first rounds of Trump tariffs. In February, Beijing imposed 15% tariffs on coal and natural gas from the U.S., and levied 10% duties on petroleum, agricultural equipment, high-emission vehicles and pickup trucks. To the second round of tariffs, China responded with duties on poultry and

agricultural products, including 15% on chicken, wheat, corn and cotton, and 10% on soybeans, pork, beef, fruit, vegetables and dairy products. It also suspended imports of American logs and banned three firms from exporting soybeans to China. Apart from retaliatory tariffs, **Beijing also put more U.S. companies on its entity and export control lists.** Meanwhile, Beijing launched a formal dispute

at the World Trade Organization (WTO) and also began an anti-monopoly investigation into Google in February. Most Google services – including search, Gmail and Google Maps – are not available in mainland China, but the company has maintained some operations in the country, particularly for advertising.

President Trump imposes 34% reciprocal tariffs on Chinese imports; China hits back with 34% tariffs on U.S. imports (Part 2)



China's decision to hit back swiftly – rather than seek immediate negotiations – may signal a shift in strategy, said John Gong, Professor at the University of International Business and Economics in Beijing. "Beijing likely sees little room for meaningful talks or suspects Washington has no real interest in negotiating," Gong said. "It's also notable that China is the first among the affected countries to strike back, which could mark an escalation in the tariff war." He said that the country had long expected a breakdown in economic ties and "prepared accordingly" while a "substantial decline in trade is no longer seen as a surprise". Zhou Xiaoming, former Deputy Representative at China's Permanent Mission to the UN Offices in Geneva said that while many countries worldwide opposed Trump's approach but were too timid to act, **China was taking a "leading" role in the global pushback against Trump's trade policies and in defending the multilateral trading system.** China's trade dependence on America has been declining in recent years as it has sought new export markets, while the weight of foreign trade in the Chinese economy has also been waning as it has looked to the domestic market to boost growth.

China has also put export controls on 16 American companies, barring Chinese companies from supplying them with dual-use items – goods that have both civilian and military applications. These 16 U.S. entities are involved in areas such as defense, aerospace, drone making, intelligence and logistics. The Coalition For A Prosperous America, an advocacy group championing trade-protectionist policies, is also among those blacklisted. Another 11 U.S. companies, including U.S. drone manufacturer Skydio, were put on the list of unreliable entities. China also tightened export controls on more rare earth products, a decision that will affect supply chains for

aircraft and spacecraft, nuclear power, energy, medical equipment, laser devices, and other hi-tech industries. **The controls cover the rare earths** samarium, gadolinium, terbium, dysprosium, lutetium, scandium, yttrium and their alloys. Suppliers have to apply for government permission to export these products, and Chinese customs will be able to seize any goods suspected of containing undeclared restricted materials. China imposed similar export controls on the critical minerals gallium and germanium in July 2023; on tungsten, tellurium, bismuth, molybdenum and indium in February last year; and on antimony in August.

Taiwan has also been dealt a heavy blow, with the Taiwan authorities denouncing the 32% tariffs on Taiwanese imports. The decision stunned Taipei, which sees itself as having already paid "protection fees" to Washington – notably top chipmaker TSMC's USD100 billion investment in semiconductor manufacturing in Arizona and Taiwan's pledge to increase defense spending to 3% of GDP from 2.5%. Taiwan ranked seventh on Trump's list of countries and territories he imposed reciprocal tariffs on. The tariffs, however, do not apply to semiconductors. Michelle Lee, Spokeswoman for the Taiwanese authorities said that "this decision does not accurately reflect the trade and economic situation between Taiwan and the U.S. It is deeply unreasonable and highly regrettable". Lee said Taiwan would "lodge a solemn representation" with the U.S. Trade Representative and push for negotiations to protect Taiwan's interests. She said Taiwan's growing exports to the U.S. were mainly due to surging demand for semiconductors and AI-related products, not unfair trade practices. She noted that Trump's first-term tech restrictions on mainland China had prompted many Taiwanese firms to relocate production back home, naturally increasing exports to the U.S. **Taiwan is the sixth-largest contributor to the U.S. trade deficit,** with a record USD74 billion gap in 2024, a 54.6% jump from the previous year. Taiwan faced higher tariffs than regional U.S. allies such as Japan (24%), South Korea (25%), and the Philippines (17%). Taiwan's Chinese National Association of Industry and Commerce said the tariffs were higher than expected and warned that it would severely challenge the island's export-driven economy. Bloomberg economists estimated the tariff could lead to a 3.8% contraction in Taiwan's GDP. They said the 32% tariff would cripple the island's exports to the U.S., which account for over 60% of Taiwan's total economy.

In addition to the newly imposed tariffs, **the Trump administration's cancelation of tax exemptions on low-**

value packages from China will disrupt the international trade order and increase costs for U.S. consumers. The policy **to end the “de minimis” exemption** for imports from China is “a blatantly self-defeating move” that will not only undermine the stability of global consumer goods supply chains, but also severely harm the interests of U.S. consumers, the China National Light Industry Council said in a statement. Starting on May 2, packages valued at up to USD800 from the Chinese mainland and Hong Kong will be subject to a duty rate of either 30% of their value or USD25 per item, with that rate increasing to USD50 per item after June 1. The policy change affects many of China’s 120,000 online exporters on platforms including Amazon, Shein, Temu and TikTok Shop, whose major market is the United States.

The New Civil Liberties Alliance (NCLA), a conservative legal group, filed what it said was the first lawsuit seeking to block Donald Trump’s tariffs on Chinese

imports, saying the U.S. President overstepped his authority. The lawsuit, filed in federal court in Florida, alleges that Trump lacked the legal authority to impose the sweeping April 2 tariffs as well as duties authorized on February 1 under the International Emergency Economic Powers Act. “By invoking emergency power to impose an across-the-board tariff on imports from China that the statute does not authorize, President Trump has misused that power, usurped Congress’s right to control tariffs, and upset the Constitution’s separation of powers,” NCLA Senior Litigation Counsel Andrew Morris said in a statement. The lawsuit asks a judge to block implementation and enforcement of the tariffs and undo Trump’s changes to the U.S. tariff schedule.

China’s statement on U.S. tariffs is available [here](#)

This overview is based on reports by the China Daily, the Global Times and the South China Morning Post.

AUTOMOTIVE

Advanced tech gives Chinese car makers an edge



Chinese automakers are racing to integrate cutting-edge technology into their vehicles. From autonomous driving to artificial intelligence-powered cabins, the modern vehicles are being transformed into “the ultimate smart terminals” that fuse advanced mobility, connectivity, and artificial intelligence (AI). The year 2025 is widely tipped to be the first year that smart driving becomes a key feature of cars in China, as the automotive industry enters an era of unprecedented competition in intelligent technology. Chen Qingtai, Chairman of the China EV 100, an auto industry think tank, said: “The pace of intelligent vehicle development in China has exceeded industry expectations. In the first half of 2024, the penetration rate of Level 2 (L2), plus advanced driver-assistance systems in new passenger vehicles surpassed 55%.” Level 2 means partial driver assistance. Level 3 means that drivers can afford not to pay attention in certain situations, while Level 4 means that vehicles can perform all driving tasks under specific circumstances, but human overrides are still an option.

“In the coming years, basic intelligent features will become universally adopted in newly sold passenger cars,” Chen said at the China EV 100 Forum 2025 which was held from

March 28 to 30 in Beijing. Zhang Xiang, Secretary General of the International Intelligent Mobility Association, emphasized that advanced driver-assistance systems (ADAS) have become a critical differentiator for carmakers. “Chip computing power, AI-model-powered applications, and breakthroughs in urban/highway “navigate on autopilot” (NOA) are key metrics for competitiveness. **Automakers mastering these technologies will dominate the market.**” Zhang said. BYD Chairman Wang Chuanfu declared 2025 the “Year of Universal Smart Driving”, predicting that **non-autonomous vehicles will soon become niche products**. His words resonate across the industry. “The pace of automotive intelligence is accelerating, with transformative advancements expected to mature within two to three years. Concurrently, China’s new energy vehicles lead the global market by approximately three to five years in both technological innovation and industrial chain capabilities,” Wang said.

“It is critical to seize this strategic window, uphold open innovation, and leverage cutting-edge green technologies and products to propel higher-level international collaboration,” Wang said. By capitalizing on complementary strengths and fostering open cooperation, China’s automotive sector can achieve global success while driving sustainable growth. Well-aware of the opportunities ahead, Chinese companies, from Huawei to GAC Group, are pushing boundaries to seize first-mover advantages. Yu Chengdong, head of smart driving solutions at Huawei Technologies, said Huawei is ready for level 3 autonomous driving. “From passive to autonomous intelligence, cars are finally awakening,” he said.

The remark, seen as a veiled challenge to BYD, underscores the intensifying rivalry. **Huawei’s smart driving solutions, already adopted by partners such as BAIC and JAC have positioned it as a leader.** Yet competitors are closing in. BYD recently launched its

DiPilot ADAS system, deploying it across 21 models priced between CNY70,000 and CNY200,000 – democratizing high-end autonomous features. This disrupts the market's premium-only narrative, experts said. He Xiaopeng, chairman and CEO of Xpeng Motors, has applauded carmakers including BYD, saying that they are helping to popularize smart driving in China and across the world. Collaboration is accelerating. Changan Auto, Geely, Great Wall, BYD and other companies formed an alliance in February to co-develop autonomous technologies. The plan targets full-scenario level 3 autonomy by 2026 and level 4 capabilities by 2028. "This is about creating a 'Chinese smart driving benchmark'," said a Changan executive, speaking on condition of anonymity.

Vice Minister of Industry and Information Technology Xin Guobin said more efforts will be made to pursue breakthroughs in core technologies like autonomous driving and cross-regional application pilot schemes. Ouyang Minggao, Academician of the Chinese Academy of

Sciences (CAS), said that **level 4 autonomous driving**, powered by advanced AI large language models (LLMs), **will achieve commercial scale in mid-to-high-end vehicles by 2030**. He forecasts annual NEV sales to exceed 16 million units in 2025 in China, entering a stable growth phase with annual growth rates moderating. But the total number of NEVs in China is expected to soar to 100 to 160 million by 2030. Zhang Yaqin, Academician of the Chinese Academy of Engineering (CAE) and Dean of Tsinghua University's Institute for AI Industry Research, said unmanned driving will be the largest application for embodied AI in the next five years. Zhang highlighted how generative AI and large language models are accelerating level 4 autonomous driving by addressing challenges like data scarcity, long-tail scenarios, and commonsense reasoning. Zhang also predicted the "ChatGPT moment" for autonomous driving will arrive in 2025, with 10% of new vehicles achieving level 4 capabilities by 2030 – ushering in what he termed the "DeepSeek moment" for AI-driven mobility, the China Daily reports.

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CHINA NEWS ROUND-UP

China and the EU hold 16th financial dialogue in Brussels

China's Vice Minister of Finance Liao Min co-chaired the 16th China-EU Financial Dialogue with EU officials in Brussels on March 31. The two sides had in-depth discussions on topics including the macro-economic situation and policies of China and the EU, cooperation under the G20 framework, as well as collaborations on audit supervision and government procurement, the Global Times reports. This year marks the 50th anniversary of the establishment of diplomatic relations between China and the EU. The dialogue, adding to several recent visits by European officials to China, signals the EU's proactive attitude in seeking to ease tensions, expand bilateral consensus and enhance cooperation with the Chinese side, analysts said. The relations between China and the EU now stand at a "turning point" amid global turbulence and the EU's efforts to strengthen strategic autonomy, observers said, while urging Brussels to engage in more in-depth pragmatic cooperation with China on the basis of "seeking common ground while respecting differences."

EU officials attended the dialogue included Maarten Verwey of the Directorate General for Economic and Financial Affairs and Alexandra Jour-Schroeder of the Directorate General for Financial Stability, Financial Services and Capital Markets Union. China is willing to work with the EU to actively implement the important consensus reached by the leaders of the two economies, jointly uphold multilateralism and the multilateral trading system and oppose unilateralism and protectionism,

thereby providing greater certainty to an uncertain global economy, a MOFCOM statement noted. China values financial and economic cooperation with the EU and is committed to strengthening bilateral collaboration under frameworks such as the G20 and multilateral development banks. China also seeks to deepen practical cooperation with the EU in financial areas such as audit supervision and government procurement to support both sides in achieving their respective development goals. The EU representatives also took note of the key role of the China-EU Financial Dialogue mechanism in enhancing macro-economic policy coordination and promoting financial and economic cooperation between China and the EU in the past 20 years.

EU officials stressed that in a world full of uncertainties, China and the EU – as two major economies – should strengthen macro-economic policy coordination and work together to address global challenges such as climate change and debt issues in developing countries. They noted that the bloc is willing to enhance dialogue and consultations with China, engage in equal and mutually beneficial cooperation, and promote the stable and balanced development of China-EU economic relations to achieve win-win outcomes, the Global Times reports.

Shenzhen issues action plans for AI, robotics and smart computing

Shenzhen has published three major action plans in a

single day as it pursues global leadership in emerging fields, such as artificial intelligence (AI), smart computing capacity, and the robotics industry. Shenzhen's push comes as **other Chinese cities are emerging as rival centers of innovation – most notably Hangzhou**, which has attracted huge attention due to the success of local AI start-up DeepSeek and humanoid robot maker Unitree. The first policy focuses on **rapidly growing Shenzhen's AI terminal industry** – a field that includes a wide range of AI-driven devices, from smartphones to smart-home products and industrial systems. It sets goals of increasing the market value of Shenzhen's AI terminal industry to CNY1 trillion by 2026, fostering at least 10 leading AI terminal businesses, and raising the output of local AI terminal makers to more than 150 million units.

Another plan issued the same day outlines Shenzhen's ambition **to become a global leader in robotics** by 2027. Local officials have set targets of making robotics a CNY100 billion industry in the city, and ensuring it hosts at least 10 robotics companies valued at over CNY10 billion and 20 companies with annual revenues exceeding CNY1 billion. Additionally, the plan seeks to accelerate the adoption of robotics in a range of different fields and establish a cluster of more than 1,200 robotics enterprises.

Shenzhen, long regarded as China's closest answer to Silicon Valley, is already home to a number of world-leading tech companies including telecoms giant Huawei Technologies, electric vehicle maker BYD and drone giant DJI, and is expected to play a key role in driving China's economy amid the escalating U.S.-China tech war. The AI plan outlines efforts to build a comprehensive industrial ecosystem in the city, with local businesses producing more than 50 different AI-powered devices and integrating AI across more than 60 fields, including manufacturing, finance and senior care. It also aims to ensure the AI terminal industry targets a broad range of markets, such as by offering cost-effective products for developing countries involved in China's Belt and Road Initiative (BRI). "We will cultivate leading global and domestic AI computer brands and support the transition of traditional computer foundries to become AI-focused manufacturers," the plan states. The robotics plan focuses on strengthening Shenzhen's position in next-generation automation by making the city a hub for the production of core robotic components, AI chips and humanoid robot control systems.

The third initiative, **a smart computing action plan, aims to support Shenzhen's AI industry** by ensuring local businesses have sufficient available real-time smart computing power. To support this ambitious agenda, the city has pledged subsidies to help attract major AI and robotics firms to invest in the city, as well as support local companies with their research and development (R&D) and international expansion plans. Meng Fanli, Shenzhen Communist Party Secretary, encouraged AI and robotics companies to use Shenzhen as a testing ground for new technologies and products. Shenzhen is currently home to more than 2,600 AI companies, including six unicorns – start-ups valued at over USD1 billion. The city also boasts 34 listed robotics firms, nine of which are unicorns, the South China Morning Post reports.

Debut economy pushing the boundaries of consumer experiences

China's "debut economy" is pushing the boundaries of consumer experiences, analysts said, from the first restaurant that requires customers to pedal bicycles to generate electricity, to the first cup of bubble tea delivered by drones, and the first exhibition viewed through virtual reality headsets. The thirst for novelty and the desire to be the first to try the latest have become powerful drivers of consumption, particularly among the younger generation. Brands that can tap into this sentiment and deliver a true sense of excitement and exclusivity will reap significant rewards. The debut economy is a new concept put forward during the country's tone-setting Central Economic Work Conference (CEWC) in December. It is a catchall phrase to describe companies launching new products, introducing new business models, services and technologies, and opening flagship stores.

The debut economy has become a critical tool for cities across China to enhance their competitive edge. As early as 2018, Shanghai pioneered the concept of the first-store economy, which has since evolved into the broader debut economy, said Zhu Keli, Director of the China Institute of New Economy. In the first 11 months of 2024, Shanghai added 1,173 new first-to-market stores. Not to be outdone, Beijing saw over 900 first-store openings throughout last year, while Guangzhou in Guangdong province welcomed 260 first-store openings in the first three quarters.

High above the streets of Hangzhou's Yuhang district in Zhejiang province, a hum fills the air as a drone descends, carrying a hot cup of bubble tea. The drone deftly delivered the bubble tea made 20 kilometers away to an automated pickup locker in Xiaogucheng Village in just over 20 minutes. The delivery route is part of a new low-altitude logistics network launched by drone maker Antwork Technology in November, providing a glimpse into the future of last-mile delivery. At the seventh China International Import Expo in November in Shanghai, over 400 new products, technologies and services made their debut, emerging as a critical highlight of the event.

In China's rapidly evolving consumer market, marked by a constant stream of new products and technologies, the key to success is not just the sheer volume of offerings, but rather the level of personalization, sophistication and relevance that companies can bring to the table, said Victor Leal Negre, Senior Vice President of Greater China Grooming at Procter & Gamble. "Each year, we feel the evolving consumption demands of Chinese consumers, which translates into our product innovations, allowing us to serve consumers more effectively," Negre said. **In the fiercely competitive landscape of China's consumer market, capturing the attention of consumers has become a critical challenge for brands**, said Dong Yu, Executive Vice President of the China Institute for Development Planning at Tsinghua University. With an abundance of choices and limited attention spans, companies are increasingly turning to new product or service launches to stand out, Dong said, as reported by the China Daily.

Five Chinese cities to become global consumption centers

The Chinese government will accelerate the transformation of five major cities – Shanghai; Beijing; Guangzhou; Tianjin; and Chongqing – into global consumption centers on par with New York and London, and create globally attractive retail environments, as part of the country's latest moves to boost consumption. A document issued by the Ministry of Commerce (MOFCOM), said China aims to further expand domestic demand and promote high-standard opening-up. The country will actively promote the debut economy by supporting high-quality domestic and foreign brands to launch new products and exhibitions, and providing Customs clearance convenience for new imported products. The government will support the holding of events such as fashion weeks and car expos in these five cities. It will also work to attract high-quality global brands to launch their first stores, establish design centers as well as regional headquarters, the document said.

Shanghai has been doing well in attracting debuts of global brands in China and launching pop-up stores, the Ministry said. In the recently delivered Government Work Report, boosting consumption was listed as a top priority among this year's tasks. As part of measures to build global consumption centers, China plans to further expand its unilateral visa-free entry policy, and better leverage the role of tax refund stores policies by opening more such stores and optimizing tax refund procedures for overseas visitors. Last year, the number of inbound foreign visitors in the above mentioned five cities doubled the 2023 figures, said the National Immigration Administration (NIA). "In those five cities, the number of tax refund stores for overseas visitors accounted for 60% of the total in the country last year, and total sales made up for over 70% of the value nationwide," said Li Gang, Director General of the Department of market operation and consumption promotion of the Ministry of Commerce.

Besides trendy products, foreign tourists have also favored domestic time-honored brands and specialty products. Tong Ren Tang, a venerable traditional Chinese medicine pharmacy, has seen a growing number of foreign visitors take advantage of tax refunds at its stores in the Qianmen area of Beijing, and the products they buy mainly include traditional Chinese patent medicines and medicinal materials.

Compared to overseas metropolises, there is still a gap between China and developed countries. The government will guide the building of a group of featured commercial complexes, and encourage sales of more trendy domestic products at tax refund stores, the Ministry said. In addition, China plans to organize various large-scale consumption promotion activities, support the hosting of more high-level international sporting events and performances, and increase the supply of high-quality services. In the first two months, total retail sales of consumer goods in China reached CNY8.37 trillion, up 4% year-on-year, with the growth rate 0.5 percentage point higher than the whole year figure last year, the China Daily reports.

DeepSeek unveils new AI reasoning method

Chinese artificial intelligence (AI) start-up DeepSeek has introduced a novel approach to improving the reasoning capabilities of large language models (LLMs), as the public awaits the release of the company's next-generation model. In collaboration with researchers from Tsinghua University, DeepSeek developed a technique that combines methods referred to as generative reward modeling (GRM) and self-principled critique tuning. The dual approach aims to enable LLMs to deliver better and faster results to general queries. The resulting DeepSeek-GRM models outperformed existing methods, having "achieved competitive performance" with strong public reward models, the researchers wrote. Reward modeling is a process that guides an LLM towards human preferences.

DeepSeek intended to make the GRM models open source, according to the researchers, but they did not give a timeline. The academic paper, published on the online scientific paper repository arXiv, comes amid speculation about the start-up's next move following the global attention garnered by the firm's V3 foundation model and R1 reasoning model. Reuters reported last month that **DeepSeek-R2**, the successor to R1, **could be released as soon as this month**, as the company rushes to capitalize on its rising profile. The release of DeepSeek-R1 rocked the global tech community with its cost-efficient performance that rivaled leading models. DeepSeek has remained tight-lipped about the rumored R2 release. It has not commented on the matter through official public channels, but a customer service account denied the report in a group chat with business clients, Chinese media outlets reported last month.

While Hangzhou-based DeepSeek, founded in 2023 by entrepreneur Liang Wenfeng, has been in the global spotlight for the past couple of months, the company has largely avoided public communication, preferring to focus its energy on research and development (R&D). The company last month upgraded its V3 model, named DeepSeek-V3-0324, which it said offered "enhanced reasoning capabilities, optimized front-end web development and upgraded Chinese writing proficiency". In February, it also open-sourced five of its code repositories, allowing developers to review and contribute to its software development. The start-up promised to make "sincere progress with full transparency". That same month, Liang published a technical study on "native sparse attention", a method of improving the efficiency of LLMs in processing large amounts of data. Liang, 40, is also the founder of DeepSeek's parent company High-Flyer Quant, the hedge fund whose deep pockets have funded the start-up's technical advances, the South China Morning Post reports.

Chinese scientists produce the world's first 1-nanometer 2D RISC-V chip

Chinese scientists have developed the world's most complex two-dimensional (2D) semiconductor microprocessor, with the chip set to enter pilot-scale production. Details of the chip, which is less than one nanometer thick, were published in the peer-reviewed

journal Nature. Its most notable advance is that **fabrication of the chip does not relies on advanced extreme ultraviolet (EUV) lithography, opening a new, independent pathway for China in semiconductor innovation.** As silicon-based integrated circuits approach the physical limits of miniaturization, researchers worldwide have turned to 2D materials, such as molybdenum disulphide and tungsten diselenide, to push the boundaries of chip performance. Typically only one atom thick, these materials offer remarkable physical properties, enabling further scaling and improved functionality in next-generation circuits.

Although wafer-scale growth of 2D materials has been achieved over the past decade, until now the most complex 2D semiconductor digital circuit – developed by the Vienna University of Technology in 2017 – contained just 115 transistors, “because carving the same object out of tofu is far harder than carving it from jade,” Fudan University Professor Bao Wenzhong said, describing the fragility and challenges of using 2D semiconductors compared with traditional silicon in chip manufacturing. After five years of development, Bao, along with Professor Zhou Peng from Fudan University’s National Key Laboratory of Integrated Circuits and Systems and their team, **built a 32-bit RISC-V microprocessor named Wuji, incorporating 5,900 transistors and measuring less than 1nm thick.** This achievement represents a new global benchmark in 2D semiconductor integration.

The key to the more than 50-fold increase in the chip’s integration level lies in the team’s ability to maintain both precision and uniformity at the atomic scale – crucial for high manufacturing yields. “For example, inverter circuits are basic building blocks of chips, and how well they work shows the chip’s overall quality,” Zhou said. “The inverters we made with 2D materials performed really well – they had strong signal output and very low energy loss when turned off, which is a big step forward in engineering.” The team fabricated a 30 x 30 array of inverters – 900 in total – and testing showed that 898 functioned correctly, achieving a record yield of 99.77%. The circuits exhibited superior switching voltage and consistency compared to similar studies. The fabrication of Wuji involved highly complex processes, some of which were optimized with the help of artificial intelligence (AI).

“By using domestically developed semiconductor equipment and the open-source RISC-V framework – without relying on EUV lithography – and by creating a full-stack 2D integration process, we’ve laid the foundation for a new, self-reliant development path for China’s chip industry,” Zhou stressed, as reported by the the South China Morning Post.

Chinese scientists have also created the world’s largest N-polar gallium nitride (GaN) wafer, at 20.3 cm, which could slash production costs by 40%. GaN has been hailed as a flagship third-generation compound semiconductor. It is revolutionizing high-frequency, high-power applications including 5G/6G networks, satellite communications, autonomous vehicles and radar systems, due to its exceptional physical properties, the Global Times adds.

China aims to become retirement home for foreigners

China is considering to introduce a retiree visa for foreign nationals to boost its elderly care industry and improve the country’s international image. Jia Qingguo, Delegate to the Chinese People’s Political Consultative Conference (CPPCC), the country’s top political advisory body, submitted a proposal along these lines during its annual session in early March. He called for the early introduction of a conditional retirement visa available to foreign retirees, which would be valid for one to three years. The international relations professor from Peking University pointed to the example of Thailand, saying that holders of its retirement visa spent an average of USD24,000 annually. “Based on this standard, if China attracts 50,000 foreign retirees each year, they may create more than USD1.2 billion in consumption in medical care and cultural entertainment,” said Jia. He suggested that foreign retirees could be given long-term or permanent residency if they met certain conditions.

“Foreign retirees living in China would experience Chinese culture firsthand and gain a deeper understanding and appreciation for the culture, social system and foreign policies. They would become unofficial ambassadors for cultural exchange between China and their home countries and help enhance China’s international image and influence,” he wrote in the proposal. Jia argued that the stable pension incomes and considerable purchasing power of foreign retirees could boost domestic consumption.

China has a rapidly aging population that has fueled growth in services and products aimed at older adults in what is known as the silver economy. According to Jia, the demand for high-end care services from foreign residents would drive improvements in industry standards. In January last year, Beijing issued new guidelines calling for improvements in elderly care services and for fostering smart healthcare and elderly care industries. The Chinese government has said it aims to have an action plan for dementia in place by 2030, encompassing all aspects of the disease, from prevention and early detection to treatment. Jia said his proposal could also help redress the structural imbalances in the Chinese real estate market. He said many cities have both a high rate of vacant properties and a mismatch of supply and needs in senior care facilities. “By attracting foreign retirees to lease or buy homes tailored to senior living, there is potential to revitalize these underused properties,” he said, as reported by the South China Morning Post.

China extends anti-dumping probe into EU brandy

China’s Ministry of Commerce (MOFCOM) announced that it will further extend the anti-dumping investigation into imported brandy from the EU to July 5, 2025. The investigation was initially launched on January 5, 2024, and the deadline was firstly extended to April 5, 2025. Due to the complexity of the case, and in accordance with relevant laws and regulations, the deadline has now been extended to July 5, 2025, according to MOFCOM. The investigation outcome should be grounded in objective facts and align with the logic of China-EU economic and trade relations, and the latest

extension reflects China's rigorous and methodical approach to the process, Zhang Jian, Vice President of the China Institutes of Contemporary International Relations, told the Global Times. "China has consistently attached great importance to this investigation, as well as to China-France and China-EU relations with France being the largest source of brandy imports to China," he added. MOFCOM said on August 29, 2024 that a preliminary assessment showed that the imported brandy from the EU involves dumping, and there is a causal relationship between the dumping and the substantial threat of damage to the domestic brandy industry. Since October 11, 2024, China has imposed temporary anti-dumping measures on brandy originating from the EU, setting deposit margins between 30.6% to 39%.

China has consistently adhered to the WTO rules in addressing economic and trade issues, while the stable development of China-EU economic and trade relations

also requires understanding and cooperation from the EU, Zhang said. He noted that dialogue between the two sides has been ongoing and expressed confidence that a mutually acceptable solution can still be reached. Consultations and dialogue between China and the EU have continued throughout the year. Experts noted that both sides' willingness to engage constructively remains a key factor in resolving economic and trade issues effectively.

Chinese Vice Premier He Lifeng met with European Commissioner for Trade and Economic Security Maros Sefcovic in Beijing on March 27. During the meeting, He said that China is willing to work with the EU to strengthen dialogue and exchange, handle economic and trade differences in the proper manner, expand mutual openness, and promote the healthy, stable development of China-EU economic and trade relations.

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