

China Business Weekly

13 May 2025



NEWS FLASH

China and U.S. agree to reduce reciprocal tariffs by 115% during 90-day pause



Following trade talks over the weekend, China and the U.S. agreed to reduce reciprocal tariffs by 115% during a 90-day pause. It is also possible that after further negotiations they will conclude purchasing deals to reduce the U.S. trade deficit with China. The U.S. tariff on imports from China is dropping to 30% (10% basic tariffs applicable to all countries plus 20% separate tariff to punish China for its alleged role in the U.S. fentanyl crisis), while China's levy on U.S. imports drops to 10%.

A U.S. delegation, including Treasury Secretary Scott Bessent and Trade Representative Jamieson Greer, met a Chinese delegation led by Vice Premier He Lifeng in Geneva over the weekend. The face-to-face talks were the first since stratospheric tariff increases brought almost all bilateral goods shipments to a halt. Chinese Vice Premier He Lifeng said the talks were “candid” and “constructive” and that substantive progress had been made to reach an “important consensus”. The White House announced that “a trade deal had been struck”. President Donald Trump said the two sides were working on “a total reset”. But until Secretary Bessent held a press conference on May 12, it was unclear if the tariffs would be reduced. Bessent also said that “both sides showed great respect” during their talks, and that “we both have an interest in balanced trade”. Ahead of the planned talks, the Chinese government said it would not tolerate double standards or compromise its principles to reach a deal. U.S. President Donald Trump has indicated he may lower tariffs on Chinese goods to 80% from the current 145%. “80% tariff on China seems right,” he said in a social media post. Trump added that the decision was “up to” U.S. Treasury Secretary Scott Bessent.

In comments made prior to the start of the talks, scholars were skeptical. “The immediate objective behind the talks is the urge to restore stability in the global markets and world trade,” said Amitendu Palit, Senior Research Fellow at the National University of Singapore’s Institute of South Asian Studies. “For both the U.S. and China this is an imperative, as they realize that economic confrontation is certainly not win-win.” Markets in the U.S. are “losing faith”, said Charles Chang, Professor of Finance at Fudan University in Shanghai, pointing to weakness in the U.S. dollar and a renewed appetite for gold. “If the U.S. doesn’t do something, it’s going to get worse.” While China may wish to avoid the perception it is destabilizing the global economy by refusing to negotiate, most felt Beijing could pass that blame to the U.S. and is unlikely to feel the need to make meaningful concessions. “Beijing also feels like its economy has enough momentum to weather some of the shocks,” said Nick Marro, lead global trade analyst at the Economist Intelligence Unit. “I think this is a bit dangerous, because it means both governments are confident and that is going to keep their negotiating positions pretty hawkish,” Marro said. “We should look at the talks as the path forward for future negotiations.”

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

FCCC/EUCBA ACTIVITIES

Webinar: “China – Supply Chain Management: Challenges and Opportunities” 15 May 2025 – 10h00 CEST



The Flanders-China Chamber of Commerce is organizing a webinar focused on **the challenges and opportunities in the supply chain for European businesses**. This will take place on **15 May at 10h00 CEST**.

China remains a critical hub in global supply chains, yet recent developments—from geopolitical tensions to evolving trade and regulatory environments—have prompted a reevaluation of existing strategies. At the same time, the country continues to present significant opportunities through advances in technology, infrastructure, and logistics capabilities.

This webinar will explore the current landscape of supply chain management in China, focusing on the emerging challenges and the strategies organizations can adopt to build more resilient and efficient operations.

The programme is as follows:

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

10:05-10:20: “**Navigating the Waves: The Impact of Geopolitical Shifts and Shipping Orders on Transportation Costs related to China**” by **Didier Duponselle**, Business Development Director Consumer, Ahlers

10:20-10:35: “**Navigating US Tariffs: Implications for EU-China Trade Relations**” by **Giovanni Gijssels**, Partner Customs & International Trade, PwC

10:35-10:45: Presentation of **the International Supply Chain Expo** by **Zhao Feng**, Deputy Director, CCPIT

10h45-11h00: Question and answer session

Participation fee for non-members: FREE

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ACTIVITIES SUPPORTED BY FCCC

Maasmechelen Village Tourism Conference: “Belgium, still the surprise package of Europe?” – 22 May 2025



An inspiring day with high-level speakers from the tourism industry focusing on the evolution of Belgium as a travel destination, moderated by Ana Rovzar.

Program

8 AM: Bus shuttle Brussels to Maasmechelen Village, departure Place Poulaert 6

9 AM – 9:45 AM: Arrival and welcome at the Terhills Conference Center, doors will close at 9:45 AM

10 AM – 12 PM:

Ludivine Destrée, Senior Marketing Manager, The European Travel Commission

Tania Ter-Osseplantz, Senior Aviation Marketing Manager, Brussels Airport

Laura Olaerts, Deputy Tourism, Province of Limburg

Werner Vanherle / Bart Canini, Founder & Owner, Creneau International

Fireside Chat with Ludivine Destrée and Tania Ter-Osseplantz

12:30 PM – 1:30 PM: Lunch at Cho Gao, Maasmechelen Village

1:30 PM: VIP Shopping Experience

2 PM: Return bus shuttle 1

5 PM: Return bus shuttle 2

If you wish to enjoy our bus shuttle, please confirm and specify return time.

RSVP before 16 May via event@maasmechelenvillage.com

Address: Terhills Conference Center, Zetellaan 68, 3630 Maasmechelen

Tan Dun: Water Concerto, Hypnotising water percussion – 26 June 2025 – Schelle



Water Concerto, hypnotising water percussion by Tan Dun and the symfonieorkest Vlaanderen – in the presence of the Ambassador of China to Belgium, His Excellency Fei Shengchao – on Thursday, 26 June 2025 at Schelle Interescaut. Networking in the middle of industrial heritage with an amazing view over the river Scheldt.

20:30 The best seats for the concert
22:00 Meet & greet with Tan Dun & drink with bites

€159 excl. VAT pp

18:15 Festive walking dinner with champaign
20:30 The best seats for the concert
22:00 Meet & greet with Tan Dun & drink with bites

€289 excl. VAT pp

Tickets can be booked by sending an email to fleur@festival.be

PAST EVENTS

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





FLANDERS CHAMBER OF COMMERCE
VLAAMS KAMER VAN KOOPHANDEL

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




WEBINAR

Whistleblowing in Trade: Legal & Compliance Insights from China and Belgium







coming from the perspective of global fraud trends.

The Association of Certified Fraud Examiners (ACFE) puts out a report every year called a "Report to the Nations". Looking at the percentage of corruption cases that were part of this survey of about 2,000 cases, Western Europe is covering over half of the cases related to corruption and fraud management. You can see that it's really critical to have a forward compliance strategy. This Report to the Nations revealed basically that half of the tips or **more than half of the corruption violation tips come from internal reporting. Whistleblowing channels are critical** for not only the external market, but also the internal employees. I'd like to remind everyone not to forget the importance of opening your whistleblower hotline and your communications to your vendors and your suppliers and customers as well, as you can see that nearly one third came from vendors and customers of the program.

The trend now obviously is to anonymously send an email through a web-based platform, followed by emails to the company headquarters, and we still have a small percentage of telephone reporting. The trend is definitely moving towards more email and web-based reporting. Fraud is discovered through internal audits, through management reviews, but certainly it's these whistleblower tips that are leading the pack in terms of discovery, as 52% are reporting it from inside. Looking at the whistleblower programs in the United States, I want to just kind of remind everyone that if you're doing business globally, the U.S. will be part of that area. There are two programs in the United States. The one under the SEC is quite well known and launched in 2011. They have had about 450 whistleblowers and actually awarded over USD2 billion. Last year alone, amongst the 47 whistleblowers, payout was USD255 million, so it pays to blow the whistle. This is true for sure in the United States. This is a global program led by the SEC. On February 10th of this year, U.S. President Trump suspended the FCPA for a six-month review, but please keep in mind the FCPA has been around for 50 years and is going to have a statute of limitations for five and six years respectively of the two directives of the FCPA. So although this current administration wants to suspend it or maybe pause or even cancel it, the next administration may restart it and go back five to six years for enforcement. In August of last year, the Department of Justice, to complement the SEC program, introduced their new whistleblower program. Some European nations were working together to kind of tighten their whistleblower and compliance programs so I think this is important to note that the Europeans are seeing this as an opportunity to become a global leader now in enforcement of fraud and risk management issues.

From a legal perspective and legislative trends in China, over the years, many laws have been addressing the **protection of whistleblowers**, the channels of how to take care of whistleblowing confidentiality, and also the rewards of whistleblowers and the rights of the citizens. There are a lot of legal requirements in China around whistleblowing. There are many players involved: the Cyberspace Administration, MIIT, Public Security, SAMR, CSRC and CBIRC. We really have a strategy by many Chinese companies, your business partners, suppliers or vendors here to focus on compliance and that's a very positive thing. We always say that you should respond to a whistleblower allegation within 72 hours. The point is that there are laws and regulations in place and there are specific requirements for not only multinational companies in China, but also for private and public SOEs as well. You've got to do the right thing and make compliance your key strategy when you're doing business in China.

A lot of companies have established whistleblowing channels for many years. Some of them are going back to headquarters, some are outsourced here in China to a call center, and some are handled in-house by the legal department. It is great to have a hotline, but some companies will outsource that to call centers. It is really critical to make sure that your person on the other end of the phone or at the other end of the email knows what questions to ask and knows how to follow up. When the operators are internal employees, sometimes they're worried about exposure. **The largest fear of whistleblowers in my many years of experience here is identification and fear of retaliation.** Many whistleblowers are afraid to speak up. We have to make sure that the person on the other side is asking the right questions, and maybe someone on the outside who's independent. Mailboxes certainly are an option. People can shoot an email out with a complaint and maybe attach some evidence. A public forum, where many whistleblowers will speak up, represents a very small percentage, as their identity is immediately known and they're exposed, and so they won't share details or connections. We've been hired many times for investigation work simply because it's too sensitive inside the company, or because the allegations are against the CEO or the CFO or some senior leader in the organization. **To have a firewall between the company and the accuser, they need to hire a third party.** Sometimes there's a concern of going to a third party. How do you prevent additional people knowing what they don't need to know? Whistleblowers are coming to the table to share very confidential and personal information that could damage or end their own career if exposed. At Grant Thornton we have developed the Insight program, a website where you find details of the of the questions and then it just kind of walks you through the program so you don't have to worry giving too much information or not enough information. We have real-time monitoring and risk assessment. You have to take a three-step approach: forensic accounting, conducting interviews, and following up on the whistleblower information.

Maarten Van Knippenberg, Director Advisory and Head of Business Risk Services at Grant Thornton Belgium, gave an explanation about how you can be compliant with the whistleblower legislation in Belgium, which finds its origin in the European directive of 2019. Although it has been six years, we see that **there is still a low compliance rate in the different EU countries, which is remarkable as there are some very heavy sanctions on breaching local legislations.** We now see in the courts some very heavy whistleblower cases that have to do with non-compliance of the transposition into local legislation of this directive. We've got different acts in Belgium: one for the private sector, one for the federal public sector and some different regional acts. Chinese investors will probably be private companies falling within the scope of the act of the private sector, which is quite a straightforward legislation and quite easy and clear to comply with. Who is a whistleblower according to this legislation? Any person reporting a breach, so it's a very broad

definition. Who can be a whistleblower? Anybody in a work-related context in the company or organization. Your employees can be protected whistleblowers, but also your independent contractors, shareholders, board members, interns, and volunteers, and even the personnel of the contractors and future staff, if they see something which might constitute a breach during their hiring process. Also, former employees can be whistleblowers, irrespective of the size of the company. There's a whole plethora of different domains that can be reported. Belgium transposed the directive as directly as possible. When converting the directive into local legislation, the Belgian legislator decided to add social and tax fraud.

There are three methods of reporting as a whistleblower. There is no cascading principle whatsoever. So the whistleblower can report to an internal channel, an external channel or use a public disclosure. The tax inspection and social fraud inspection have now been appointed as competent authorities and they can receive the complaints or the reports from whistleblowers. They will do so through different protected reporting channels. So for example, Grant Thornton provides a technical means for different external competent authorities to allow their whistleblowers to do safe reporting. If you do a public disclosure, you are protected under the whistleblower legislation in Belgium, but is only possible if the internal channel within the company did not take any action after three months or the whistleblower says there is an immediate danger to the public interest.

Every company needs to set up an internal reporting channel as soon as they have 50 employees. This does not mean that you can't have whistleblowers if you have less employees. When you set up this channel, you need to make sure that you appoint a whistleblower officer, which must be somebody independent and impartial. So the possibility of outsourcing your internal reporting channel as a company also exists in Belgium. This whistleblower officer needs to receive the report and within seven days he needs to answer to the whistleblower, saying he will evaluate this within three months. **We see in practice that there is only about 40% of the companies within the scope of the Belgian legislation which are being compliant for the moment**, which is remarkable since there are severe sanctions if you breach the acts, resulting in up to three years of imprisonment and a fine of €48,000 per breach.

There are only two conditions for being protected as a whistleblower. Did the whistleblower use a reporting channel and did the whistleblower have sufficient cause to think that the information falls under the scope of the act and was correct at the time of reporting. If later on it is proven that the information was not correct, but the whistleblower was not aware of it, the whistleblower is still protected. The government is going to take a look at what effort the company took to make sure that the whistleblower or the potential whistleblower was up to speed with the scope of the legislation. Informing your employees about the whistleblower legislation, how to report, what can be reported, what is the protection status is super important. There's a strict protection of the identity of the whistleblower. So only with a court order you will be able to acquire the identity of a whistleblower and only in very, very restricted cases.

The company Secrets Act will not apply to the whistleblower and this is a serious risk for some companies, for example, companies where the research and development is of high value and whistleblower wants to report something about this. The whistleblower will be free to share some company secrets with the government and that might prove to be a challenge for the companies. If you have non-disclosure agreements with your personnel, they are not binding for a whistleblower. Certain parts of the GDPR are also not applicable, so the whistleblower can share certain documents with private information in it. Last but not least, whistleblowers are protected against any retaliation by the employer. Dismissing, suspending and firing a whistleblower is of course considered retaliation, but also things like withholding a training or failing to renew a temporary employment contract. The real challenges for the companies are short delays in the legislation. Within 70 days you need to respond to the question of a whistleblower. Within three months, you really need to provide enough feedback to the whistleblower in the case of a company, while the government has got three to six months to give feedback.

A Q&A session concluded the webinar.

Webinar: “How Trump is Making Europe Great Again” – 29 April 2025



The Flanders-China Chamber of Commerce organized a **webinar** on **29 April 2025**. During this webinar, **Mr. Koen De Leus**, Chief Economist – Economic Research at BNP Paribas Fortis, spoke about: **“How Trump is Making Europe Great Again”**.

Ms. **Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce, introduced the speaker and the topic of the webinar. Mr. **Koen De Leus**, Chief Economist – Economic Research at BNP Paribas Fortis, is the co-author of **the timely book, The New World Economy and Five Trends**, and he is a respected voice in macro-economic analysis, frequently speaking on international trade, geopolitical shifts, and the economic impact of policy changes. Mr. De Leus is widely recognized for providing clear insights into global economic trends and the challenges they pose for businesses. Today's topic could not be more relevant, Trump single-handedly dismantling the post-war liberal economic system. **Even with import tariffs of 10%, global trade is regressing to 1930s levels, with China particularly impacted.** At the same time, his actions are forcing Europe to realize just how dependent we have become. The critical question before us is, what comes next and how should businesses adapt to this new world? Businesses thrive on certainty, but geopolitical developments such as Trump's incoherent trade strategy has deeply undermined that certainty, presenting serious challenges to global trade. Among all the tariffs he imposed, China was the hardest hit. Trump initiated unilateral tariffs of 145% on Chinese goods and China responded with 125% tariffs on U.S. goods. This level of conflict is clearly unsustainable.

Turning to EU-China trade, we observe a deep mutual dependence today. The EU and China trade over €2 billion a day, making China the EU's third largest trading partner with total bilateral trade reaching €730 billion annually. Our trade is driven by high-value sectors, machinery, vehicles, advanced manufacturing goods and chemicals. Investment flows also demonstrate this close connection. In 2024, Chinese direct investment in the EU reached a record €185 billion, while European investment in China remains strong at €184 billion accumulated investment. While the challenges are significant, they also create new opportunities for European companies. This is a crucial moment to further deepen engagement with this fast-moving, evolving Chinese market.

Mr. Koen De Leus, Chief Economist – Economic Research at BNP Paribas Fortis, said talking about the economic outlook in the time of Trump is very, very, very difficult, so we are going to talk about economic volatility in the era of the "Trump Shock", first what is he doing with the economy and second I think Trump is making Europe great again.

Volatility and uncertainty are at their highest level ever and you could even say that Donald Trump is worse than a virus. But this uncertainty is not solely due to Donald Trump. Uncertainty started around 2020, when it was way higher compared to the period up to 1997. So there is something deeper going on in creating this volatility and uncertainty. We have entered a "Fourth Turning" of conflicts within countries, where the opposition is winning elections, such as in the South of Belgium, where for the first time in 100 years, the socialists didn't win. You see it in Germany, in Canada and in the United States, where you went from the Republicans to the Democrats and then again to the Republicans, so there is something deeply troubling that makes that people constantly want to see change that can't be pushed through by the center because it doesn't have support enough anymore to push through these reforms.

We are in the period of "the Fourth Turning", referring to a book that was written 30 years ago by Neil Howe and William Strauss. Two years ago, Neil Howe updated the book and said that everything that we talked about 30 years ago is happening today. What is a fourth turning? It is 20 years of chaos in an 80-year period, and now we are in the fifth "fourth turning" in the United States since 1700. So it's a returning cycle of 80 years because that's the average lifespan of a human being. After second world war, people said we never want this to happen again so we're going to create institutions in order to stabilize the economy with the World Trade Organization, the IMF, NATO and the World Health Organization. We had all these institutions that in fact put guardrails around the world economy in order that it would be stabilized. And now 80 years later, you see that this generation that really created these institutions has almost died out, and the new generation asks what do these institutions still serve. We don't have any guardrails anymore to stabilize the

economy and so this means that very slowly we are probably going to reach the peak in this fourth turning. According to Neil Howe, this fourth turning probably started in 2008 so this means that the peak would be reached somewhere between 2028 and 2030.

Did the MAGA movement in the United States make America great again? Did it change compared to five years ago? **The actions of Donald Trump are much more aggressive now.** He is surrounded now by yes sayers and even the corporate entrepreneurs are afraid to tell him what he shouldn't do. Six years ago you could ask whether you had to take Donald Trump seriously or literally, but you have to take him seriously and literally this time. You have four pictures in the Oval Office with that of James Polk, the 11th President added. He was the most expansionist president ever who started the Mexican-U.S. war in 1845, and in 1848, the U.S. expanded its territory with Texas, New Mexico, California, Utah, Arizona and so on. If Donald Trump is talking about Canada being the 51st state of the United States, or if he says, Greenland is very nice and it's ours, take him seriously because he's not going to sit quiet and say okay I don't want it anymore. **Expect the unexpected and unbelievable from Donald Trump.**

Concerning the world's trade, if you look to the effective tariff rates today in the European Union, we are at an average tariff rate for European products going into the United States of 8.5%. Probably in the future we will have an average import tariff of 16%. If we go worldwide then you see based on the current announcements we are at 24%. If you look what the tariffs were in the '30s, you had a peak at 25%. So **we have the same amount of tariffs that were in place at the moment of the Great Depression.** China is still the big enemy of the United States. This is a battle for hegemony, China with 1.5 billion people and with an economic growth that is still going pretty strong. Of course, they have their own problems with real estate and everything. If you have such a growing economy of course this economy wants a piece of the pie and a little bit of a say when it comes to the global order. That is not to the liking of the United States. So they're going to do everything in their power to try to keep China small, which will probably not work that good. **With these import tariffs, Donald Trump is really shooting itself in the foot.** The dependency of the United States on extra-regional imports – those not coming from Mexico and Canada – is more than 50% of all their supply chains. According to CEPI, Europe has 120 dependencies from other countries, with 74 dependencies on China. China is a little bit dependent on Europe, but much less than Europe is on China. The long-term thinking of China is to produce the intermediate goods for the rest of the world and to become much less dependent on the rest of the world, and you they succeeded big time in that.

In our book, The New World Economy, we say that maybe globalization is going to slow down, but we are not going to go to deglobalization, but to multi-globalization. The United States is really taking the most advantage of this globalization era, but in the multi-globalization era, you see that more and more countries are positioning themselves in between China and the United States or in between China and Europe in order to circumvent these import tariffs. We saw that already last time in 2019, when following an increase in import tariffs, you saw a huge investment of China in Vietnam to export to the United States to circumvent these import tariffs. In regard to multi-globalization, you see a huge increase of the market share of Vietnam from 4% to 9% when it comes to the share of U.S. imports by container ship. U.S. imports from China went down from 40% to 25%, but this was totally replaced by increases coming from Vietnam, South Korea and other countries. It's pretty dangerous when you put a levy of around 47% on imports from Vietnam or Thailand or Cambodia.

Trump wants to have some income because he wants to push through this reduction of corporate taxes in the United States and he wants to extend these tax cuts and the Jobs Act that he installed about 10 years ago. Secondly, he wants to re-industrialize the United States. It is utopia thinking that American workers are going to sit again in these factories like they are doing now in the Philippines and in Vietnam for a salary that probably is half what they can earn in services. This deglobalization could have some major implications. Company profits expressed in percentage of GDP increased from 2000 to 2024, the time frame of hyper globalization from 2000 2010 and then a bit more slow globalization. Profits in percent of GDP have increased from 6% to 12%. If you're to de-globalize, it means that you can't offshore your production anymore, you can't take advantage anymore of cheap labor, meaning that your profit growth is going to slow down and the profits in percent of GDP are going to crash to 10% or 8%.

There are quite a lot of risks ahead. The peak in the Fourth Turning has still to be reached, so volatility and uncertainty are going to be with us for a while longer. How can entrepreneurs prepare? You have to understand the impact of the import tariffs on your sector and in your supply chain and customers as well. If you have a region where you make more than 25% to 30% of your turnover, maybe you should think of diversifying to other areas. During the Covid period we saw an increase in inventories of critical materials, but you also need to regionalize and have a circular economy, because it will make you much less dependent. If you are going to export to the U.S., you need to consider introducing smart contracts, saying that if import tariffs increase or decrease we're going to increase or decrease our cost price with X euros. **In these volatile times you need people who can hedge** your exchange rate, interest rates and certainly your commodities. Will the dollar still be a reserve currency? The sole safe haven, especially when it comes to the increase in inflation, is gold. In the short term, interest rates will still go down, but we expect structurally higher and increasing interest rates for the coming decades. Something fundamentally has changed in the past four to five years. Long term we are going to see rising risk premiums. Long term there are four inflation shocks: the climate shock; the huge debt; shrinking labor markets and deglobalization. I think in the next couple of years, we will see an inflation that hovers between 2% and 4% instead of 0% and 2%. Interest rates come and go in waves, and now we are going to see structurally higher interest rates. **You need to think about different scenarios in the next decade, because the world can change rapidly and radically.**

Economic volatility is going to make Europe great again. According to Constanze Stelzenmüller of the Brookings Institute, Germany had outsourced its security to the United States, its energy needs to Russia and its export-led growth to China. After the invasion of Russia in Ukraine, this changed. This changed for Germany, but this changed as well for Europe, because energy needs didn't come anymore from Russia, they come now from the United States with LNG. We don't export to China so much anymore. What we see today is that Europe has outsourced its security to the United States, its energy needs to the United States, and its export-led growth to the United States. Europe has become very dependent on the United States, and there comes the new man in the White House. **We have to take care of ourselves. We have to make Europe great again.** We have to see that we are not so dependent anymore on exports to the United States, we have to create our own demand and invest in infrastructure. The politicians will have to make very important trade-offs that will shape the role of Europe in this new geo-economical environment.

First, geopolitical trade-off. Is there still going to be the primacy of the nation state or is there going to be a much deeper political integration in the European Union? Second, the industrial transformation trade-off. Are we going to preserve the single market or will there be no longer a central fiscal capacity? We really need euro bonds and mutual funding. Lastly, the macro-economic resilience trade-off: keep an export oriented model versus boosting indigenous growth. What Mario Draghi said in his report is a very good summary of what has to be done: closing the innovation gap. No EU company above €100 billion has been established from scratch in the last 50 years, while all six of the trillion-dollar U.S. companies have been. **In Europe we have to see that we get the machinery back in order to create new promising companies. We need our competitiveness.** What regards goods we lost three percentage points of market share over the past three years. The EU is to keep its climate goals but loosen rules for companies. The problems of EU companies are too much regulation, not enough capable people, and the rising gas and electricity prices. There will be a record capacity addition of LNG by the end of the decade as well as added shipping capacity. There are a lot of internal trade barriers within the EU, which, if reduced could create a much bigger market. We have to increase our security by coordinating defense expenditures and reduce our dependencies, for example of rare earths, where the dependency on China is huge.

A Q&A session concluded the webinar.

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FOREIGN INVESTMENT

Foreign firms still keen on investing in China



Despite all the headwinds in global markets, foreign firms' interest in further tapping into the Chinese market seems unchanged, with U.S. life sciences company **Danaher Corp** among them. In mid-March, Leica Microsystems, which became part of Danaher in 2005, signed agreements with Shanghai Jinqiao Group to invest

CNY200 million to expand a manufacturing and R&D base in Shanghai's Pudong New Area. About 60% of Leica Microsystems' business will be localized once the expansion is completed next year. In addition, the Pudong-based China innovation center of Cytiva, a biotechnology company under Danaher, inaugurated a new cell culture development base in March with an investment of around CNY20 million. Peng Yang, President of Danaher China, said the reason for the company's recent expansion is simple: "We have never seen the ceiling of reform in Pudong."

Danaher is not the only company showing unchanged confidence in the growth outlook in Pudong, and on a broader perspective, in China. During a promotion conference on April 18, which also celebrated the 35th anniversary of Pudong's reform and opening-up, four MNCs signed agreements with the local administration for new projects in Pudong. These include the CNY600 million headquarters project by Japanese industrial equipment maker **Morimatsu Group**, the CNY1 billion production base of Japanese biotech firm **Daiichi Sankyo**, the

CNY2.4 billion industrial base of multinational agribusiness conglomerate **Yihai Kerry** and an information technology company set up by international commodities trader **Trafigura**, with an investment of about CNY50 million.

BASF announced on April 14 it would invest CNY500 million to expand its Shanghai Cellasto plant based in Pudong, which provides noise, vibration and harshness reduction solutions for the auto sector. The plant's annual output will rise significantly by 70% once it goes operational in 2027. Apart from serving the electronics and consumer goods customers, the company aims to better capitalize on China's electric vehicle sector with its continued investments, said Xu Yibin, BASF Vice President and General Manager of the Pudong site. "Our confidence in Pudong derives from the rich talent supply, increasingly expanding industrial ecosystem, the local government's continued efforts and the market-based, legal and international business environment, which can be considered first-rate from a global perspective," said Xu. But of course, the vibrant entrepreneurship in China, the rapidly evolving NEV sector and, more importantly, the country's massive market size should never be overlooked, Xu added.

The constantly improving business environment in Pudong serves as a major magnet for multinational companies. Chen Jiayuan, CEO of global agri-business giant **Louis Dreyfus North Asia**, said the various investment facilitation policies and financial opening-up measures adopted in the China (Shanghai) Pilot Free Trade Zone have provided much support for commercial expansion. "Shanghai's government work report released at the beginning of the year touched upon experimental policies concerning offshore renminbi trading, cross-border trade settlement and the cross-border hedging for commodities. These will substantially benefit companies to better serve clients while managing risk," he said. In early April, Shanghai released its three-year action plan (2025-27) for

commodities trading. The measures – such as expanding trading categories and deepening coordination of the spot and futures markets – can effectively manage risks and thus improve companies' profitability, Chen said.

On April 15, Pudong released 14 new measures to better attract foreign investment. Aiming to introduce more advanced foreign manufacturing firms and modern services providers, Pudong will guarantee national treatment of foreign-invested enterprises, explore a management mechanism for easy and safe cross-border data flow, and ensure foreign-invested companies' participation in government procurement projects, among others items. According to the action plan released on April 21 to improve the facilitation of cross-border financial services provided in Shanghai, banks are encouraged to develop deposit products for overseas institutions' free trade accounts. Interest rates for non-resident deposits under the free trade account system can refer to international practices and use market-based pricing standards. These will not only attract more foreign capital inflows, but also help to retain such capital onshore for longer periods, explained banks with branches in the Shanghai FTZ. The provisions mark China's first local regulation specially promulgated for foreign trade account businesses.

For years, Pudong has been a pioneer for various groundbreaking cases of reform and opening-up. **Among the 300 reforms which were first piloted in China's FTZs and then promoted nationwide, half of them were launched in Pudong**, said Gu Jun, Director of the Shanghai Municipal Development and Reform Commission. Thanks to the amiable business environment, about 484 foreign firms had set up their regional headquarters in Pudong as of end-February, making up 47.1% of the city's total MNC regional headquarters. Pudong is also home to the regional R&D centers of 283 MNCs, accounting for 47.4% of the total number in Shanghai, the China Daily reports.

ENVIRONMENT

Spent EV batteries and solar cells powering a circular economy



Ma Long's recycling company is reaping profits from exhausted lithium-ion batteries. Pricy components such as lithium – a silvery-white alkali metal aptly

nicknamed "white gold" – **along with other materials such as cobalt and nickel, hold their value beyond the life of the batteries powering China's massive electric-vehicle (EV) industry.** "There is huge potential in **the business of new-energy waste**, because new energy is where China and the world are going," said the sales manager at a subsidiary of Henan Hairui Intelligent Technology in Zhengzhou, Henan province. Speaking at a recent trade fair for environmental technologies in Shanghai, Ma said 70% of his company's business is dedicated to machines for recycling batteries and solar panels. As more and more batteries and solar panels reach the end of their life cycle in China – a global leader in renewable-energy deployment – Chinese businesses like Ma's are embracing a circular economy, where materials are reused and reintroduced into new products, reducing waste and conserving resources. With valuable metals

used in many of today's fast-growing, clean-energy technologies, the cycle is especially meaningful to improve China's mineral independence as it navigates intensifying global trade tensions.

"The recycling of minerals is largely for the sake of resource security," said Du Huanzheng, Professor specializing in the circular economy at Shanghai's Tongji University. "China is also seeking new economic growth by strengthening recycling efforts, which, in the past, were more driven by the need to solve pollution issues," he said. The large-scale equipment upgrades and trade-in of consumer goods, two initiatives launched a year ago to boost domestic demand in a slowing Chinese economy, have pushed up demand for recycling and represent the potential for a new round of economic growth, he said. The China Resources Recycling Group was set up – directly under the State Council, China's central government – to build an offline resource recycling network covering waste ranging from durable consumer goods, such as electronic products, to retired wind power and photovoltaic equipment. After about a decade of rapid growth in the use of EVs, whose battery life is set at an upper limit of eight years, China has already started seeing the large-scale retirement of car batteries.

The weight of retired car batteries in China is expected to exceed 4 million tons a year by 2028, and the annual output value of the waste-battery-recycling industry will be more than CNY280 billion, according to estimates of the China Electronics Energy Saving Technology Association. Meanwhile, with their longer service life but having been deployed earlier, photovoltaic modules from China's vast solar power system are expected to begin retiring this year, and that retirement wave will intensify over the next half-decade. Unlike fossil fuels, which are gone once burned, the metals in these new-energy products can be recycled, and this is of critical importance amid a worsening trade war between China and the United States, said a Beijing-based professor of environmental economics who declined to be named as he was not authorized to talk to the media. "While China is intensifying efforts in looking for mines of critical minerals domestically, it is facing more difficulties in buying from allies of the U.S., such as Australia and Canada. "Business with other

mineral suppliers, such as Congo and Chile, may also be affected as the administration of Donald Trump pressures trading partners to isolate China," he added.

China relies heavily on imports for many key minerals, especially those for new-energy and high-end manufacturing, such as cobalt, nickel and lithium. On the other hand, the U.S. and Europe are also warning against their dependence on China, as most of the intermediate links of refining and finished products are controlled by the latter.

China's ongoing campaign for renewals of consumer goods and upgrades of equipment is expected to add nearly 500,000 tons of resources that can recover non-ferrous metals, Li Yusheng, Deputy Secretary General of the China Nonferrous Metals Industry Association, said at a press conference in January. As leading battery manufacturers and carmakers, such as Contemporary Amperex Technology (CATL) and BYD, have been perfecting their battery recycling in recent years, smaller businesses are also flocking to this potential market in hopes of carving out a piece of the pie. Yu Zhongkai, Senior Manager with Tianli Technology, a recycling-machine maker in Zhejiang province, said the company started developing battery-recycling equipment not long ago and now has a quarter of its business coming from this field. "But we're still experimenting, because there are no industry-wide standards yet, and the market is still unclear," he said.

China is still in its infancy in **recycling new-energy waste**, but the practice is not particularly advanced anywhere in the world, noted the Beijing professor. The European Union leads in recycling standards and systems, and China enjoys the incomparable advantage of a complete industrial chain and a large-scale market, he noted. Du, the Shanghai professor, noted that it is **an emerging sector that has attracted many investors but lacks regulation and technological breakthroughs**. "Businesses are showing great enthusiasm, but large-scale recycling has yet to come, and a mature recycling system has yet to be formed," he said. China currently adopts a white-list policy to standardize the battery-recycling market and avoid safety accidents and environmental pollution. A total of 156 companies have been selected so far for the list, the South China Morning Post reports.

DIGITAL TRANSFORMATION

Inner Mongolia leads the way in green computing and data storage



Beneath the vast skies of North China's Inner Mongolia autonomous region, a powerful wave of digital transformation measured in bytes and flops is taking shape. Inside the China Mobile (Hohhot) intelligent computing center in Horinger New Area, Hohhot, the hum of high-performance servers fills the air. With a peak computing capacity of 6,700 petaflops, it is the world's largest single-unit intelligent computing center operated by a telecom provider. Petaflop is a measurement unit used to determine computing speed. A petaflop is 1 quadrillion calculations per second. Designed to aid the training of artificial intelligence (AI) models and big data analytics, the center is poised to support the nation's computing needs in sectors such as transportation, healthcare, education, energy and finance, said China Mobile.

As China's digital economy accelerates, Inner Mongolia is racing ahead on the digital frontier, emerging as a powerhouse of green computing and data storage. For example, as part of the nation's data center cluster, **Horinger is fast becoming a magnet for major players in the computing industry.** According to Horinger's administrative committee, projects from China Mobile, China Telecom, the China Meteorological Administration, Huawei Cloud and others have all taken root in the area, and by the end of 2025, its total computing power is expected to reach 100,000 petaflops, shaping a **globally competitive "valley of computing"**.

Further west in Ulaanqab, over 50 data centers from companies such as Alibaba, Kuaishou and UCloud are operating with network latency under five milliseconds, seamlessly serving AI needs in Beijing and beyond. The city's computing infrastructure supports both real-time demand in the Beijing-Tianjin-Hebei region and non-real-time services across the Yangtze River Delta and the Greater Bay Area. As of early this year, Ulaanqab had established 56 data centers with a combined computing power of 68,000 petaflops. By the end of 2025, the figure is expected to reach 120,000 petaflops, said Guo Xiaoling, Director of Ulaanqab's Big Data Administration.

In the digital age, computing power has emerged as a production factor. An IDC white paper showed that on average, for every one-point increase in the computing index of a country, the national digital economy and GDP

will increase by 0.35% and 0.18%, respectively. "The goal is to establish Inner Mongolia as a key national hub for data circulation and trade, as well as a frontier for data-driven development in northern regions," said Zhang Lei, an official from the autonomous region's Data Management Bureau. Zhang added that the foundation of computing power is largely backed by electricity supply, wherein lies the region's greatest advantage. Blessed with abundant wind and solar energy – accounting for over half of the nation's wind resources and more than 20% of solar potential – Inner Mongolia has the country's lowest electricity rates and rather stable access to renewable energy.

At another intelligent computing center in Horinger, that began operations in September 2023, 672 racks support 20,000 petaflops of computing power. "With an average annual temperature of 7°C, electricity priced at just CNY0.32 per kilowatt-hour and 80% of our power sourced from renewables, our operational costs are two-thirds lower than similar centers in Beijing," said Bai Yang, General Manager of Inner Mongolia Zhongke Supercomputing Technology Co, which runs the facility.

According to data from Hohhot's Big Data Administration, over 80% of the city's data centers is powered by green energy, the highest ratio nationwide. Ulaanqab is following a similar path. In its high-tech development zone, China Datang Corp is constructing a data center in three phases which will eventually house 6,400 racks offering 6,000 petaflops – equivalent to 10 million high-performance computers. Once completed, the data center will operate entirely on renewable energy, which is expected to save 15,000 metric tons of standard coal and reduce carbon emissions by 40,000 tons annually, equivalent to the amount of carbon absorbed by 2 million trees. As one of eight national computing hubs under China's "Eastern Data, Western Computing" initiative, Inner Mongolia's green computing capacity reached 94,000 petaflops in 2024, with over 80% of energy supporting its data centers drawn from renewables, according to local government data.

In February 2022, China officially began construction of eight national computing power hubs. With the rise of large-scale AI models, regions across the country are now entering the 2.0 phase, establishing super-large-scale intelligent computing centers. The key distinction between intelligent computing centers and regular computing centers lies in their focus – the former is dedicated to AI-driven training and inference tasks, while the latter typically handles broader computational tasks. Recently, large-scale intelligent computing clusters became operational in Zhengzhou, Henan province and in Huizhou, Guangdong province. The Beijing's Yizhuang AI public computing platform, the city's largest intelligent computing center, announced an expansion to upgrade its computing power to 5,000 petaflops, and plans to further expand to the 10,000-petaflop scale this year. According to IDC, China's intelligent computing power reached 725.3 exaflops by

2024, a year-on-year growth of 74.1%, more than three times the growth of general computing power (20.6%). IDC expects that by 2025, China's intelligent computing power

will reach 1,037.3 exaflops, with a market size of USD25.9 billion, the China Daily reports.

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CHINA NEWS ROUND-UP

China announces financial measures to steady the economy

China announced supportive measures to shore up its economy and stabilize capital markets, in a move seen as bolstering Beijing's position ahead of upcoming trade talks with the United States. Top officials from China's central bank and financial regulators said **they planned to cut interest rates, the reserve ratio for banks to release liquidity into the markets, and ramp up support for consumers and businesses** affected by U.S. tariffs. The barrage of policies "slightly exceeded" market expectations, analysts said, providing a timely boost to confidence as Beijing prepared to open formal talks with Washington over a deal to de-escalate the trade war. "The global economy is full of uncertainties. The increasing economic fragmentation and rising trade tensions are disrupting global industrial and supply chains and stirring volatility in the international financial markets," said Pan Gongsheng, Governor of the People's Bank of China (PBOC), at the briefing.

The reserve requirement ratio (RRR) – the amount of cash that commercial banks must hold as reserves – will be cut by 0.5 percentage points, allowing an extra CNY1 trillion to flow into capital markets. China's seven-day reverse repo rate – a benchmark interest rate – will also be lowered by 0.1 percentage points to 1.4%, while the rate of housing provident fund loans will be slashed by 0.25 percentage points. Analysts said the stimulus would help Beijing enter trade negotiations with Washington in a stronger position, the Global Times reports.

Beijing also announced several extra measures to boost consumption and support key sectors, including scrapping the reserve ratio for auto financing companies, **providing an extra CNY300 billion of funding for technological innovation**, and creating a CNY500 billion relending tool for service consumption and elderly care. More policies to support small businesses affected by the trade war would be rolled out as soon as possible. Meanwhile, officials said that Central Huijin – an investment entity directly controlled by the central government – had the full backing of China's central bank to intervene to stabilize the A-share market, which has experienced a turbulent few weeks amid the trade war. The China Securities Regulatory Commission (CSRC) said it was focusing on attracting more long-term funds into the stock market.

Huawei unveils first laptop running HarmonyOS

Huawei Technologies unveiled its first laptop that runs the company's self-developed operating system, **HarmonyOS**, following the expiration of its Microsoft Windows license for personal computers (PCs) in March. Stacked with artificial intelligence (AI) features, the laptop, which has not yet been named, operates HarmonyOS 5, also referred to as HarmonyOS Next, the latest iteration of the system. Most Huawei laptops in the market currently run Windows, although some models offer the option to use open-source Linux. The new laptop features Huawei's AI assistant, Celia, that is capable of performing tasks such as creating slides, summarizing the minutes of a meeting and retrieving information from local documents, provided it has access to the necessary third-party software, according to Huawei's President of Tablets and PCs, Zhu Dongdong.

HarmonyOS on PCs includes a wide range of software catering to both work and entertainment needs, such as WPS, China's alternative to Microsoft Office, and Alibaba Group Holding's enterprise collaboration platform, DingTalk, according to Chinese tech news outlet ITHome. The laptop is also compatible with a growing selection of mobile apps available on HarmonyOS smartphones, including social media platform RedNote, video-sharing site Bilibili and ByteDance's enterprise collaboration tool Feishu. By the end of the year, the device is expected to support over 2,000 apps. The laptop's user interface merges elements of traditional PCs and smartphones. It features a software short-cut bar at the bottom similar to the dock on Apple's macOS, while the home screen displays software short cuts in the form of icons, cards or folders. Huawei plans to officially launch the laptop on May 19.

Zhu announced the laptop during a closed-door event in Shenzhen, Guangdong province, where the company is headquartered. Huawei had "fully entered the era of HarmonyOS" for terminal devices, he was quoted as saying. Huawei has been developing HarmonyOS since 2015. Last year, the company launched the Mate 70 series, its first smartphones to run a version of the operating system that was not compatible with Google's Android. The second HarmonyOS handset, the foldable Pura X, was introduced in March. At least 160 older

Huawei smartphones, tablets, televisions and wearables can be updated to use various versions of HarmonyOS instead of Android. HarmonyOS reached a market share of 19% in China's smartphone market in the last quarter of 2024, according to consultancy Counterpoint Research. It marked the fourth consecutive quarter in which HarmonyOS outperformed Apple's iOS, which held a 17% market share during the period, the South China Morning Post reports.

China's exports show stronger-than-expected increase of 9.3% in April

Despite Washington's hefty tariffs against Beijing kicking off early in April, China's exports surged by 9.3% year-on-year in the same month in yuan terms and 8.1% in dollar terms – a stronger-than-anticipated performance underpinned by the country's competitiveness and effective policies, analysts and executives said. Though the uncertainty over whether the world's two largest economies can strike a deal to ease trade tensions may still be in place for some time, they said Chinese firms will enhance innovation capabilities and diversify their global market presence to weather the storms and emerge stronger. China's total goods imports and exports, according to the General Administration of Customs, grew 5.6% from a year before to CNY3.84 trillion in April when the U.S. escalated tariffs on Chinese goods to 145% starting April 9 – a move contrasting sharply with the 90-day tariff pause granted to dozens of other nations until July.

In the first four months, China's exports to the United States edged down 1.5% year-on-year. The United States forms only a part of China's total exports, and trade with the rest of the world has remained resilient. China's exports to its biggest trade partner – the Association of Southeast Asian Nations (ASEAN) – climbed 12.6% year-on-year in the January-April period, while **trade with the European Union grew 6.1% from a year earlier**, Customs data showed. "Going forward, China will provide more support to export companies in exploring alternative markets beyond the U.S.," said Feng Lin, Senior Analyst at Golden Credit Rating International. "Last year, markets outside the U.S. accounted for 85.3% of China's total exports." The reduced reliance on a single market, coupled with consistent efforts at technological innovation and product differentiation, will enhance the resilience of China's export sector, Feng said.

The South China Morning Post adds that despite the absence of most American buyers, deals signed at the **Spring Session of the Canton Trade Fair** increased, driven by a record high in overseas attendance. The Canton Fair's impressive performance was unexpected and has boosted export sector confidence while strengthening the public's belief in China's ability to cope with a prolonged trade war with the U.S. **Overall transaction volume rose by 3% year-on-year to USD25.44 billion.** The number of visiting overseas buyers reached a record high of 288,938, up 17.3% year-on-year. Among them, 171,750 buyers were attending for the first time, accounting for over 59% of all overseas buyers.

China adds 75 international air cargo routes in the first four months

China added 75 international air cargo routes in the first four months of 2025, with nearly 90% of the new routes connecting to destinations in Asia and Europe, the China Federation of Logistics and Purchasing (CFLP) announced. The growth reflects China's efforts to expand its global trade network despite rising tariffs imposed by the U.S., an expert told the Global Times. A total of 17 new cargo routes were launched in April alone. As of April 30, the new routes had boosted weekly round-trip flights by more than 162. In 2024, China launched 168 new international cargo flight routes. The routes are primarily focused on Asia and Europe, with 35 targeting Asian destinations and 31 connecting to Europe. North America saw six new routes, while South America and Africa added two and one, respectively.

An air cargo route between Ezhou in Hubei province and the southern Indian city of Bangalore was launched on March 6 by SF Airlines. The Ezhou-Bangalore route will provide an annual air cargo transport capacity of more than 5,000 tons, the cargo carrier said. "This shows that despite tariff pressure from the U.S., China remains committed to opening-up and free trade, and it is expanding trade ties with other regions, especially shifting to Asia and Europe," Wang Yanan, Chief Editor of Aerospace Knowledge magazine, told the Global Times. In Wang's view, strengthening trade ties with countries outside the U.S. is a natural response to U.S.-imposed tariffs, and the trend is likely to become even more pronounced. The cargo mainly consists of cross-border e-commerce goods, fresh produce, electronics and auto parts. "China is working hard to enhance its integration with global markets and provide stability to international supply chains," Wang noted.

China's cross-border e-commerce rose by 10.8% in 2024, with its share of the country's total foreign trade increasing to 6%, according to the Ministry of Commerce (MOFCOM), as reported by the Global Times.

China launches 182 major infrastructure projects in Q1, up 41.8%

In the first three months, the number of large-scale projects launched in China surged by 41.8% year-on-year, with ground being broken on 182 major projects each valued at more than CNY1 billion. The total investment in these projects reached CNY340 billion, up 39.1% year-on-year. Transportation projects led the construction boom, including key projects such as the Linyi section of the Weifang-Suqian High-Speed Railway in Shandong province and the G322 expressway project in Jiangxi province. There was also a strong momentum in high-tech investment in the first quarter. Anhui province launched a project to build a production line for advanced display screens, with an investment of CNY2 billion. Zhejiang province began constructing a science park for artificial intelligence core components.

The number of smaller projects valued below CNY5 million also grew, with 17,000 projects launched, a 4.8% year-on-year increase. These smaller projects, often focusing on improving people's livelihoods, involved a combined investment of nearly CNY28 billion, up 7.2% year-on-year.

These major projects are driving China's economy from both the demand and supply sides, Wang Peng, Associate Research Fellow at the Beijing Academy of Social Sciences, told the Global Times. On the demand side, infrastructure and industrial investments directly stimulate the construction and manufacturing sectors, while creating ripple effects across supply chains. On the supply side, cutting-edge technology projects accelerate industrial upgrading, and livelihood-related projects help unlock new consumption potential," Wang explained. He added that these projects also generate direct employment and indirectly support the services sector, boosting household incomes and consumer confidence to promote broad-based economic growth.

China's fixed-asset investment (FAI) rose 4.2% year-on-year in the first quarter, 1 percentage point higher than the full-year growth rate of 2024. The investment totaled CNY10.32 trillion during the period, according to the National Bureau of Statistics (NBS). Investment in infrastructure construction rose 5.8%, while manufacturing investment rose by 9.1%, according to data from the NBS, as reported by the Global Times.

Chinese goods arriving at the Port of Los Angeles down by a third

With even large companies maintaining only four to six weeks of inventory, U.S. consumers are likely to see reduced options on shelves and higher prices unless major changes occur in the tariff situation, warned Gene Seroka, Executive Director of the Port of Los Angeles. Small and medium-sized importers face even greater challenges due to limited inventory capacity, Seroka said at a meeting of the Los Angeles Board of Harbor Commissioners. **"If nothing happens, or there are no changes in these trade frameworks, we'll start seeing spot shortages and fewer selections on store shelves and websites where we try to buy online,"** he said. The port was the country's largest by import volume in 2024. Major retailers have halted imports from China due to product prices being two and a half times higher than they were just last month, Seroka said, adding: "Importers simply cannot justify these costs." **"Arrivals this week at the Port of Los Angeles will be down on the import side of our business, 35%, year-over-year,"** Seroka said. The port expects 17 "blank sailings" – referring to a ship that either skips a scheduled port stop or cancels its voyage – out of more than 80 planned vessel arrivals in May, he noted.

The warning came a day before Chinese and U.S. officials said they were preparing for face-to-face discussions on tariffs and trade in Switzerland, which would mark the first such talks since the trade war escalated this year. Christopher Tang, Professor of Business Administration at the UCLA Anderson School of Management, said that front-loaded inventory – from retailers stocking up before the tariffs kicked in – will become depleted, and the decline in shipments means fewer goods will be available for purchase. But he did not expect shelves to be empty, as consumers are buying less due to high prices. Inventories of products mainly produced in China, such as toasters, prams and kitchen gadgets, will be noticeably affected, while goods such as toys and apparel that can be sourced from Vietnam and other countries will be less impacted, Tang said.

Amid the slow flow of goods, imported-related lay-offs have surged since early April, with more than 1,000 job cuts announced across several southeast states, according to FreightWaves, which provides supply-chain markets with data analysis. The U.S. Federal Reserve said that the risks of higher unemployment and higher inflation have risen. "We don't have the kind of tools that are good at dealing with supply-chain problems," FED Chairman Jerome Powell said in a CNN interview. Powell noted that, in theory, the FED could lower interest rates to boost demand, but "that would be a very inefficient way to try to fix supply-chain problems". Carriers have been "aggressively withdrawing capacity" since April, according to maritime research firm Drewry. Data from the maritime consultancy showed that scheduled shipping capacity on the "Asia to east coast North America" lane was down 22% in April and 18% in May. And on the "Asia to west coast North America" route, the scheduled shipping capacity was cut by 20% in April and 12% in May, the South China Morning Post reports.

Measures taken to raise private investment in energy sector

The National Energy Administration (NEA) released new measures recently aimed at significantly accelerating private sector investment and participation across the energy sector, including major projects like nuclear power, oil and gas infrastructure. The measures are designed to promote quick development of the private energy economy and guide it to become larger, better, and stronger in advancing the green and low-carbon energy transition and building a new energy system, the NEA said. Private enterprises will be supported to take stakes in nuclear power projects and invest in major energy projects such as hydropower, oil and gas storage facilities, and oil and gas pipelines. Xu Xin, Deputy Director of the NEA's Department of Legal and Institutional Reform, said the Administration will further support private investment in energy infrastructure, including innovative technologies and models such as new energy storage, virtual power plants, charging infrastructure, and smart microgrids. She added that the NEA encourages innovation, supporting deep private sector involvement in major energy technology innovation, collaborative research and results sharing.

The measures also back digital and intelligent upgrades for private firms, the development of "AI+" applications, and the cultivation of advanced technologies and business models for energy equipment recycling, Xu said. This policy underscores Beijing's intent to leverage private sector dynamism and funding to accelerate the energy transition and boost innovation in areas like storage and smart grids, according to industry experts. The move could unlock substantial new investment and introduce greater market efficiency into China's vast energy landscape, said Lin Boqiang, Dean of the China Institute for Studies in Energy Policy at Xiamen University. The State Council approved recently the construction of 10 new nuclear reactors with a combined investment exceeding CNY200 billion, including Phase III of the Sanmen Nuclear Power Plant in Zhejiang province, introducing private enterprises with shareholdings exceeding 10%, a notable increase from earlier private participation in nuclear projects, such

as the Zhejiang San'ao nuclear power projects approved in 2020, where the private enterprise took a 2% stake. Nuclear power has historically been dominated by state-owned enterprises due to its strategic importance and high entry barriers and the increase in private sector stakeholding to 10% in recently approved projects marks a significant policy shift aimed at attracting private capital and accelerating development in this strategic sector.

In China, private companies are already major players in certain energy sub-sectors after years of development. In

the charging infrastructure market, for example, private enterprises accounted for over 80% of large operators (those managing over 10,000 charging units) by the end of 2024, according to the NEA. Zhu Gongshan, Chairman of GCL (Group) Holdings, China's largest private power conglomerate, said the involvement of private firms is expected to spur greater technological advancement and operational efficiency in the energy sector, leading to improved competitiveness and sustainability, the China Daily reports.

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