

China Business Weekly

1 July 2025



FCCC/EUCBA ACTIVITIES

Webinar: Financial Incentives for Doing Business with China
9 July 2025, 10h00 CEST



The Flanders-China Chamber of Commerce is organizing a webinar focused on **Financial Incentives for Doing Business with China**. This webinar will take place on **9 July at 10 am CEST**.

The programme is as follows:

10h00-10h05: Introduction by **Ms Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

10h05-10h20: Introduction to the China Belgium Direct Equity Investment Fund by **Mr. Rik Daems**, former Belgian Minister and Vice Chairman of the China-Belgium Direct Equity Investment Fund (CBDEIF)

10h20-10h35: Introduction to the Capricorn Fusion China Fund by **Mr Steven Levecke**, Partner, Capricorn Partners

10h35-10h45: Financial Support by Flanders Investment and Trade by **Mrs Caroline Steensels**, Team leader Financial Support, Flanders Investment and Trade

10h45-11h00: Q&A

Practical information:

Date: 9 July 2025

Time: 10 AM - CEST

Location: Online

Participation fee for members: FREE

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ACTIVITIES SUPPORTED BY FCCC

REGISTER NOW: 5th Innovation Fair – Nanjing – September 16-18, 2025



The **EU-China Business Association (EUCBA)** is proud to be a supporting organization of the **5th Innovation Fair in Nanjing**.

Building on the success of previous editions, the 5th Innovation Fair is scheduled to take place from 16-18th September 2025. The fair promotes international business development, uncovers sourcing opportunities, and provides access to the Chinese market while allowing for opportunities for representation and distribution of Chinese businesses in Europe. Based on your specific requirements, our team in China will book relevant counterpart meetings for you.

This initiative is designed for companies and research institutes from Europe looking to develop business activities in China.

Industries include, but are not limited to:

- Advanced Manufacturing
- New Energy
- Artificial Intelligence
- Low Altitude Flight Technology
- Environmental Technology
- Fintech
- Pharma & Medtech
- Food & Beverage
- Fashion & Beauty Products
- Innovation Services

If your organization operates in any of these sectors and seeks partnerships or market entry in China, this event offers a tailored platform to connect and grow.

Based on your specific business interests, our team in China will arrange targeted B2B meetings with relevant counterparts to ensure a valuable and productive experience.

Benefits & Cost of Participation

Covered Costs

- 1x Economy Class Roundtrip Ticket
- Hotel and meals throughout the event

Services Provided

- Matchmaking Space (Booth)
- Speaking Opportunity
- Personalized Matchmaking Service

Registration Fees per Participant

- **Standard Rate:** €980 (from 17 May to 17 July)
- **Late Registration:** €1280 (from 18 July to 18 August)

Payment instructions will be sent via email after we confirm your registration.

If you are interested in taking part in the Innovation Fair then email us at: gwen.sonck@flanders-china.be

Introduction to the ICBC booth at the 8th China International Import Expo (CIIE) November 5-10, 2025 – Shanghai



Join us at the **8th China International Import Expo on November 5 – 10, 2025 – Shanghai, China** where ICBC will showcase its **Signature Booth**, organized under a financial institution-led exhibition model.

ICBC has a pleasure to offer a **Free Booth for FCCC members at the Expo**.

Exhibition Area: **Food and Agricultural Products**

Since 2021, ICBC's booth has welcomed over **430 international** exhibitor participation from **60+ countries**, hosted **50+ matchmaking events**, and supported **60+ product launches**, playing a key role in advancing global trade cooperation.

This year's ICBC booth will feature a 1,200 m² space including:

- Product Display Area
- Business Negotiation Area
- Event & Financial Services Zones
- VIP Lounge
- Live Streaming Area
- Newly added Buyers' Corridor and Key Buyers' Product Selection Area

The Buyers' Corridor will host direct matchmaking opportunities with leading enterprises such as **JD.com**, **Suning.com**, **Bright Food Supply Chain**, and **Greenland Zhongxuan**, all of whom will have dedicated spaces and onsite purchasing representatives.

Exhibitor Invitation Criteria

Our chamber can recommend 5 qualified international food and agricultural enterprises.

- Booth space and design coordinated by ICBC
- Promotional activities (≤50 attendees) may be arranged with advance notice
- All travel and logistics costs are the responsibility of the exhibitors

For registration and further details, please contact: gwen.sonck@flanders-china.be

PAST EVENTS

Webinar: European Business in China 2025: Business Confidence Survey 2025 25 June 2025



The EU-China Business Association organized an exclusive webinar on the key findings of the **European Union Chamber of Commerce in China's Business Confidence Survey (BCS) 2025** on 25 June 2025.

Ms. **Gwenn Sonck**, Executive Director, EU-China Business Association welcomed the participants to the webinar and introduced the topic and the speaker. This session provides a valuable overview of the current landscape for European business in China and examine how companies are adjusting their strategies in response to this fast evolving environment. The EU and China are deeply interdependent. Daily trade between the two exceeds €2 billion consistently. In 2024, Chinese investment in the EU almost matched EU investment in China. Chinese direct investment in the EU reached a total of €185 billion of accumulated investment, while European investment in China stood at €184 billion. In the first quarter of 2025, European FDI into China reached €3.06 billion, which is the strongest first quarter performance since 2022. So this really shows continued interest from European investors, even amid a broader slowdown of FDI into China and factors such as increased scrutiny in specific sectors. A more competitive business landscape are certainly influencing this trend.

Mr. **Robert Jarvis**, Policy and Communications Manager, European Chamber, presented the key Insights from the Business Confidence Survey 2025. The European Union Chamber of Commerce in China has offices across seven chapters and nine cities in mainland China, representing about 1,800 member companies. For the past 22 years, the European Chamber has been running a business confidence survey. The most recent survey was published on the 28th of May and based on a survey which was run between January and February of this year. **The findings of this year's survey for many key metrics are very negative**, and if we run the survey again at this moment, they would probably be even more so. The survey contains 48 questions across three core themes: company profile and financial performance, company's outlook on the Chinese business environment, members' outlook on company strategy, and five themes which generally change year-on-year in order to allow us to keep abreast of the most recent developments of the past year. The thematic questions for this year's survey were supply chains, the politicization of companies, digital and data, decarbonization, and Chinese industrial policy. This year the Chamber received 503 responses, which breaks down to a response rate of around 45% amongst eligible entities and is consistent with previous years.

The key finding of this year's business confidence survey is a warning: **we seem to be on track for subdued business confidence becoming the new normal**. It is not that European Chamber members are rushing to leave China, but we do see members increasingly opting to invest in other regions and take steps to silo and isolate their China and rest of the world operations. These are trends which have already been underway for a number of years. This year's survey found for the fourth year running record numbers of respondents reporting that doing business in China became more difficult. Higher levels reported this to be the case than in 2023, which was the period associated with the Shanghai lockdown. We are all aware of the sort of disruption that caused for businesses.

In terms of the drivers as to why this picture has deteriorated so much, one key factor is economic headwinds. We see **record pessimism about the state of the Chinese economy as well the global economy**. Key factors include challenges with profitability, deflationary and supply pressures, and high competition in many segments. We asked member companies whether they were optimistic or pessimistic about the state of competitive pressure in their sector and close to record levels reported pessimism. In tandem with China's economic slowdown, regulatory and market access barriers remain extremely widespread. A record number of member companies reported missing business opportunities as a result. One key difference this year compared to 2023 is that the restrictions faced by members are not attributable to one theme or event such as the Covid lockdowns.

In this year's survey, **ambiguous rules and regulations ranked as the top obstacle** members faced for the ninth

consecutive year with China's unpredictable legislative environment, and market access and investment restrictions ranking as the second and third largest factors. At the industry level, the specifics vary. For healthcare equipment, 100% of respondents reported missing business opportunities in this year's survey, predominantly due to discrimination as a result of the "Buy China" public procurement practices, as well as strict import justification requirements for medical devices. If we look at IT and telecoms, three quarters missed business opportunities, predominantly due to localization demands and the push for the dominance of indigenous technology, which impacts their ability to win tenders at public procurement, and even private procurement, particularly for network equipment and telecommunication services. In financial services, members reported missing business opportunities due to specific factors such as limitations on carbon emission reduction facility bidding. Many members do not expect this picture to improve in the future, as 44% expect to see an increase in the number of regulatory obstacles faced over the coming half a decade.

So these factors are really culminating now in a situation whereby in tandem to China's economic slowdown and members facing longstanding market access and regulatory barriers, **there is also now the increased politicization of business increasingly complicating the picture.** This year's survey found that a majority of members experienced doing business in China becoming more political year-on-year. A second flash survey on the U.S.-China trade war in April 2025 found that many of the trends had been exacerbated as 52% reported a further increase in the politicization of the business environment in China following the start of 2025.

Other challenges are also increasingly making it more difficult for members to do business, such as conflicting legal regimes, including when it comes to EU legislation, and the ability for companies to reconcile the demands of EU legislation with the realities on the ground in China, such as the EU's corporate sustainability due diligence directive. This is also partly driven by the politicization of customer demands. A notable minority of members report simultaneously facing demands to cease their operations in sensitive regions of China, while also to continue them from the Chinese side. Members increasingly find themselves caught between a rock and a hard place. A majority of companies have seen business become more difficult again, following Trump's return to office.

Another emergent issue is carbon neutrality with members increasingly bound by aggressive, globally binding corporate decarbonization goals, often set by headquarters. Ensuring that their China operations can achieve carbon neutrality is an imperative when it comes to evaluating where and when, or if, to make new investments. One challenge is limited access to renewable energy, which is the top method Chamber members are employing in a bid to achieve carbon neutrality across their China operations. Other factors include a lack of guidance and best practices from local governments and NGOs, as well as a perceived lack of a low carbon culture in China. We see members either canceling their prior decarbonization objectives, or postponing their timelines for achieving decarbonization in China.

A growing share of Chamber members have now effectively turned to temper down their outlooks on the market. Members' outlook for profitability for the next two years in China is at the most pessimistic levels on record and this picture has deteriorated since the survey was conducted. In the Chamber's April 2025 flash survey we saw that optimism had decreased from 12% to 7%, while pessimism, when it comes to profitability, had increased by an additional nine percentage points. The same is true when it comes to growth. We also see members outlook on their ability to grow their China operations at the lowest level on record and having fallen substantially by 39 percentage points over the past four years. Companies are increasingly less profitable in China or more pessimistic when it comes to their future profitability in China at a time when the risks and challenges of doing business are proliferating. Many member companies are asking "why would you invest more in China or in growing your operations in China when this is increasingly challenging and there are increasing risks to do so when it comes to factors such as politicization, concerns relating to continued market access in the midterm, regulatory barriers, technological IP leakage, and so on, when you can effectively invest in other regions of the world which offer more predictability, reliability, and efficiency for the same or higher expected returns on investment. We now see members increasingly adjusting their China strategies and concluding that they require a strategic rethink. **Record low percentages of Chamber members are currently planning to expand their operations in China.** Just over one in three report plans to expand their China operations in 2025.

Additionally **there is a disconnect taking place between companies' China operations and their headquarters**, with many reporting this makes it more difficult for them to justify said investments. So 40% of respondents to this year's Business Confidence Survey reported experiencing decoupling between their European HQs and their China operations, and of that 40%, a further 40% reported that this decoupling has resulted in a reduced ability to capitalize on new projects or investment plans in mainland China. For just under one in seven, this led them to downsizing parts of their China operations or even to completely closing their China operations. We also see cost cutting amongst companies' China operations at record high levels. Just over half report plans to cut costs in China equal to last year and the main method is headcount reductions. The percentages of those reporting that China is a top destination for their present investments remain subdued at just under one in five, while roughly a fifth report not seeing China as a top 10 investment destination currently, which is really substantial when you consider the size of the Chinese economy. The percentage of China profits members were reinvesting is actually very, very limited. Approximately three quarters of Chamber members do reinvest profits earned in China in the Chinese mainland. However, the value of the profits being reinvested is very, very limited for the majority. For approximately 75%, it is less than 15% of their total China earnings. This is trending downwards in that approximately four in 10 report they expect to invest less in the future, while very few report plans to effectively grow their China reinvestments. We see members increasingly taking steps to shift parts of their operations away from China and also to silo and isolate the rest of the world in China operations. If we compare the findings in this year's survey to last year's, we see that last year, a large percentage of respondents reported that they were effectively on the fence about

shifting investments away from China. Of those that were on the fence last year, a large percentage have now actually taken action.

Three quarters of respondents to this year's business confidence survey report having reviewed their supply chain strategies during the past two years, which is broadly consistent with previous years. What we see is increases in the number taking action, particularly when it comes to onshoring into mainland China. In tandem, we see approximately 13% taking steps to offshore parts of their China supply chains or to establish alternative supply chains outside of mainland China, effectively to serve the rest of the world. The key driver is a perceived need to build supply chain resilience and mitigate risks, although cost factors are also a major consideration for companies, as is geopolitical tensions.

Just to reiterate, what we see in this regard is not that **Chamber members** are essentially running for the exit when it comes to their China operations, but that they **are increasingly beginning to take steps to separate and isolate their China operations**, at least partially from their rest of the world operations, with the onshoring or offshoring of supply chains being one way to do this. This year's Business Confidence Survey is arguably the most pessimistic on record when it comes to a number of key metrics and we are increasingly seeing members take action as a result: downsizing investment plans, shifting investments to other regions, isolating their China and rest of the world operations, and so on. That said, while this obviously paints a very pessimistic picture, the Chamber believes it would be premature to write off the ability of the Chinese authorities to effectively turn the tide and restore European business confidence.

In terms of what it would take to turn the tide, and in terms of what the European Chamber is lobbying for in this regard, tangible improvements to the business environment is ultimately what's required, but in terms of how this could be achieved, key lobbying points for the Chamber at the moment are to be provided with full access to legitimate sources of economic data, and also with guarantees that doing what may be considered standard due diligence practice is permissible in that it doesn't violate the terms of China's national security related legislation. We are also advocating for comprehensive implementation of recent measures aimed at restoring investor confidence. Chief among that would be the full implementation of the State Council's 13th of August, 2023, 24 points, and finally, guarantees that European companies in the future will have full room to fully contribute to China's economy, Mr. Jarvis concluded.

A Q&A session followed Mr. Jarvis's presentation.

Mr. **Jochum Haakma, Chairman, EU-China Business Association**, presented the concluding remarks. Looking at China and at all the misinterpretations and the very negative media attention, Mr. Haakma said that he was happily surprised coming from noisy Hong Kong, arriving in Shenzhen or in Guangzhou, that the most eerie thing is that it is dead quiet, because all the transport is electric. European people don't understand that in so many sectors China is very well ahead, especially in the electrification and in the environment. On the other hand, in public procurement, there is much more localization going on, and there is a very difficult competition for foreign investors. After the years of Covid, we expected the situation to improve, but actually there was an enormous financial real estate crisis in China. In Hong Kong and in China, company headquarters always had a very big problem to get a good view and insight of the local situation. CEOs of foreign companies in China are advised to assign somebody in the board to be responsible for China, because rules and regulations and developments go so fast that a direct contact with the headquarters is needed to be able to decide very, very quickly. Is that still the case? Because that was my advice and even some big companies assigned a special person in the board who is responsible for China.

Mr. Jarvis: If we can give you one key takeaway at the corporate level from the presentation, it's that you really need to invest in strengthening ties between your China operations and your operations in the rest of the world. On the one hand, doing business in China is becoming increasingly difficult. It's increasingly dynamic as well at the political level, at the regulatory level, and this poses hurdles for many companies. And so the solution to that is you really need to invest in intelligence and in connections, be it working with Chambers of Commerce, think tanks, research institutes, and sectoral business level associations, and you really need to understand the specifics when it comes to your industry and your product, both upstream and downstream.

Webinar: Enforcement of IP in China – Tuesday, July 1, 2025



The Flanders-China Chamber of Commerce, the EU-China Business Association and the China IP SME Helpdesk organized an exclusive webinar focused on the **Enforcement of Intellectual Property Rights in China** on 1 July 2025.

A detailed report will follow next week.

TRAVEL ADVISORY

BOC Compass: The All-in-One Travel App for China

Check-in, Stress-Free!

Make your stay as smooth as possible with these quick tips:

- **Passport ready?** Check! Hotels must register foreign guests.
- Complete the Foreigner Accommodation Registration Form.
- **Check-in** at 2 PM, **check out** by 12 PM (late checkout = extra fee!).
- **Free toiletries** and universal outlets (220V) in every room!

Pro tip: Reach out to your hotel ahead of time for any special arrangements you might need!

Take China Home With You!

Bring a piece of China back with you by picking up these must-have treasures:

Timeless Treasures: Snag silk scarves, jade carvings, and cloisonné vases—perfect mementos of your journey.

Tea Time: Savor the rich flavors of Pu'er tea or the delicate notes of Longjing green tea.

Tech Toys: Discover cutting-edge Xiaomi gadgets and DJI drones that blend innovation with affordability.

Health Boosts: Explore traditional Chinese remedies like ginseng, and goji berries for a natural wellness boost.

Tax Refund Triumph:

Spend RMB 500+ at tax-free shops? Claim up to 11% VAT refund at airports!

Rules: Keep your receipts and unused items, and ensure you depart within 90 days of purchase (with final departure within 183 days of your last entry). The tax refund currency is RMB. Refunds over RMB 10,000 require a bank card; for lower amounts, choose between cash or bank transfer.

BOC Compass Perks: Why Wander Alone?

“Unlock the full power of your journey with our all-in-one app!”

Multilingual Support: Available in English, French, Spanish, Japanese, Korean, Russian and Chinese.

All-in-One App, Zero Hassles: Get instant access to off-line translation, consultations, maps and navigation without the hassle of registering or logging in.

Want even more convenience? Simply sign up with your overseas mobile number or email to quickly book flights, train tickets, hotels and attraction passes.

Dive Deeper: Explore rich travel guides packed with:

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- Timeless Treasures:** Must-see attractions, hidden gems, and cultural secrets (think tea ceremonies, festivals, and etiquette!).
- Local Flavors:** Handpicked restaurants, street food hotspots, and dishes to try.
- Heartfelt Hints:** Weather prep, packing tricks, and how to avoid “oops!” moments.

Customer service hotline: +86-10-95566 (+86 is China's country code). Search for “BOC Compass” in your App store or Scan the QR code below to download the App.

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BOC Compass

The All-in-One Travel App for China!

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The official language of China is Chinese Mandarin. To ensure smooth communication, it is recommended to download translation Apps in advance or use the built-in translation tools on your phone.

BOC Compass Bonus: Enjoy offline instant voice/text translation—snap a photo of Chinese text (menus, signs, etc.) with our built-in AI translator and decode it instantly!

Stay Connected, Always!

China runs on mobile apps—don't let weak spotty Wi-Fi connection slows you down! **Get Online in 4 Ways:**

Roam Freely: Activate international roaming with your current provider, but beware of high costs.

eSIM Magic: Grab a traveler-friendly eSIM online before takeoff (details in the App). Pros: Access to daily social media (Gmail, Facebook, Instagram, TikTok). Cons: No calls or verification codes. Not every smartphone supports eSIM.

Local SIM Savvy: Buy a SIM at arrival airports (find China Mobile/Unicom/Telecom service desks via the app). Short-term SIMs (7/15/30 days) cost 11/16/26 euros respectively for data, texts and calls. Please note, the exact price is subject to change at the time of your card application.

Pocket Wi-Fi: Rent a portable hotspot at Shanghai/Beijing airports—stream, pay, and navigate worry-free (find service desks via the app)! Perfect for families, but remember to keep it on and charge the battery.

Your Wallet, Digitized!

QR Code Rulebook

Alipay/WeChat Pay: Link your international card—scan to pay anywhere, from street vendors to luxury malls.

Card payment

UnionPay: The local favorite and widely accepted by 99% of merchants. Staying longer? Grab a UnionPay debit card upon arrival (more guidance in the app).

Overseas Cards: Visa, MasterCard, JCB, American Express work in five-star hotels, large malls, duty-free shops etc.

Cash Hacks

Carry Smart: Keep a maximum of RMB 20,000 in cash and declare foreign currency over \$5,000 using the China Customs Baggage Declaration Form.

Small Bills Matter: Stock up on RMB 1/5/10 notes for vending machines and subways at airport currency exchange counters.

Exchange Wisely: Skip airport counters and self-service machines (high fees)—opt for better rates at local banks.

Pro tips: Use international bank cards to withdraw cash from ATMs—look for your card network logo for compatibility.

Navigate Like a Local!

City Walk

iPhone Users: Use built-in maps with roaming or save data with BOC Compass' s offline maps.

Android Users: Rely on BOC Compass' s offline maps for accurate navigation around attractions, commercial centers, and local eateries.

Subway Smarts

QR Codes Rule: Use Alipay/WeChat' s Transport feature scan in and out of the station.

Card Swipe: Beijing Subway accepts foreign Visa, MasterCard, and UnionPay cards directly.

No Apps? Buy tickets at machines (cash/card) or grab a rechargeable transport card (Beijing Pass, Shanghai Pass, etc.).

Pro Tip: All passengers must undergo a security check. Review security guidelines on our app before you ride.

Bike-Sharing Bliss

Scan, ride, repeat! Unlock blue (Hello Bike), yellow (Meituan), or green (DiDi) bikes for RMB 1–2/30 mins. Just park in designated zones!

Ride-Hailing & Taxi

Skip the chaos at airports and train stations by heading to designated taxi queues.

DIDI Dominance: China' s Uber alternative! Book taxis, luxury cars, or carpool rides. Pay via Alipay, WeChat, or your international card—no cash needed. Prices are estimated upfront—no language barriers or surprises.

Pro Tip: Pre-book rides during rush hours or rainy days! Always check the car' s license plate matches the app' s details.

High-Speed Rail Hacks

Real-Name Registration: Use your passport for verification.

Seat Upgrades: Splurge on business class for free WiFi, meals, and extra legroom!

Pro Tip: Book tickets 15 days in advance via our application or directly at station counters. Review security guidelines on our app before you ride.

Explore China like a true local with these handy tips!

BOC Compass Bonus: Need to find ATMs, banks, currency exchange spots, tax refund agencies, or even the nearest attraction? Use our interactive map for real-time navigation—everything you need is just a tap away!

Attractions: Dive into the Adventure!

Why wait in long queues when you can plan ahead? **Book tickets online** in advance via official websites, mini-programs or apps like Trip.com to avoid long queues.

Pro Tip: Early booking often unlocks exclusive deals and promotions, saving you time and money! Bring your passport for on-site ticket purchases.

The BOC Compass app can be downloaded by scanning the QR code below:

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WORLD ECONOMIC FORUM

Summer Davos held in Tianjin with record turnout



The World Economic Forum's 16th Annual Meeting of the New Champions (AMNC), also called Summer Davos, was held in Tianjin from June 24 to 26. Amid rising unilateralism, the hosting of Summer Davos in Tianjin sends a renewed message of China's resolve in sustaining steady growth and its strong commitment to further opening-up and deepening cooperation with the world, a Chinese expert said. Chinese Foreign Ministry Spokesperson Guo Jiakun said it is an important platform for promoting exchanges between China and the world and enhancing practical cooperation.

Premier Li Qiang attended the opening session, delivered a special address, and met with foreign guests. President of Ecuador Daniel Noboa, Prime Minister of Singapore Lawrence Wong, Prime Minister of

Kyrgyzstan Adylbek Kasymaliev, Prime Minister of Senegal Ousmane Sonko, Prime Minister of Vietnam Pham Minh Chinh and 40 government ministers also attended the AMNC, together with over 1,700 representatives from the political, business, academic and media communities from over 90 countries and regions. The number of registered participants for this year's annual meeting reached a new high.

Premier Li Qiang pledged in his keynote speech that China will become a "consumption powerhouse" capable of fueling domestic and global growth, reiterating the commitment to boosting demand and defending globalization. "This will make China a mega-sized consumption powerhouse, on top of being a manufacturing powerhouse," Li said at Summer Davos. "We are on track to become a high-income country supported by robust consumption upgrades," he added. Beijing's pivot towards stimulating household spending has gained urgency amid a volatile trade war with the United States and rising global uncertainty. "The continuous expansion and upgrade of the Chinese market will create room for the global economy and trade to regain momentum," Premier Li said. "China is the world's second-largest consumer market and importer, with nearly CNY50 trillion of consumption and over CNY20 trillion of imports." However, the Chinese Premier warned that an increasingly unstable global environment also posed risks. "More restrictive policies on foreign investment, compounded by

trade tensions, have made multinationals more prudent. Global cross-border investment has seen negative growth for three consecutive years,” Li said.

This year's meeting aimed to accelerate progress on key shared challenges through action-oriented dialogue. Participants explored how entrepreneurship and emerging technologies can unlock and build more dynamic and resilient economies. The meeting offered valuable insights with a focus on emerging markets and their role in driving global economic growth. **Under the theme “Entrepreneurship for a New Era,” the Summer Davos's agenda focussed on five key pillars:** Deciphering the World Economy, Outlook on China, Industries Disrupted, Investing in People and Planet, and New Energy and Materials. Li Changan, Professor at the Academy of China Open Economy Studies at the University of International Business and Economics, said that the wide participation of international guests and multinationals at this year's event underscores China's strong magnetism. “China is a key engine of global economic growth, contributing over 30% to global expansion. The country's super-large market and high-quality development will create new opportunities for the rest of the world,” he said. Wang Yiwei, Director of the Center for European Union Studies at Renmin University of China, added that “global industrial and supply chain cooperation is also an important topic. For multinationals across the world, China is not only a market which offers

profits but also an important hub for global industrial and supply chains”. Wang said that Summer Davos, along with the upcoming third China International Supply Chain Expo (CISCE) to be held in Beijing in mid-July, will fully showcase China's contributions to the stability and safety of global industrial and supply chains.

Entrepreneurs and experts said at the meeting that Chinese companies should relocate their entire manufacturing ecosystems – rather than just completing the assembly of goods in another country – to solidify their overseas expansion. Chinese companies will look to strengthen the resilience of their supply chains by building factories in new markets, either for export or local sales, said Ben Simpfendorfer, Partner and Chief Asia-Pacific Macro Strategist at consulting firm Oliver Wyman. “We're moving to a world where tariffs are generally higher. Trade tensions will worsen – not just between China and the U.S., but potentially between other countries as well,” said Simpfendorfer. “In order to avoid tariffs entirely we actually might see a larger part of the Chinese ecosystem move abroad.” But Washington does not want these countries to become reliable bypass routes for Chinese products. Under Trump's initial “Liberation Day” tariff package, unveiled on April 2, some countries in the Association of Southeast Asian Nations (ASEAN) would have been subject to higher duties than China.

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

FOREIGN TRADE

China starts issuing rare earth export licenses to EU firms; reaches “understanding” with U.S.



China's export controls on rare earth elements have been a stumbling block in its trade relations with the EU and the U.S. Recently the Chinese government announced it would streamline the issuing of export licenses as its foreign customers were running out of rare earth stocks, which are vital for the manufacturing of various hi-tech products. **China has now started to issue export licenses to EU firms and reached an “understanding” with the U.S. on the topic.** However,

the EU Commission continues to push for a structural solution to a situation that has jumped to the top of the bilateral agenda. European governments and companies have for weeks been lobbying Chinese authorities to ease export restrictions, which were introduced in response to U.S. President Donald Trump's “reciprocal tariffs” in April.

China's Commerce Ministry said it had been “accelerating approval of rare earth export licenses” for EU firms in “accordance with the law”. “China stands ready to further enhance communication with relevant countries on export controls, actively facilitating convenient and compliant trade flows,” said Spokesman He Yadong. EU sources stopped short of saying that there was a “green channel” open – a term used by Beijing – but stated they have observed the Ministry granting licenses. Nonetheless, the issue has clouded Beijing's efforts to improve its trade ties with Europe ahead of a leaders' summit in China later this month.

While there may be some relief that licenses are beginning to move, the Europeans, who believe they have been unfairly caught in the crosshairs of a superpower trade and tech war, are pushing for a permanent resolution. The EU's head of trade for China, Eva Valle Lagares, said it was “unclear” whether Beijing had “intentionally hit” EU firms to

“kill the chickens to scare the monkeys”, or whether it was an unintended by-product of its rivalry with Washington. “In reality, it is probably a mix of everything. We are looking for a far more structural and reliable long-term solution,” Valle said, meaning a return to the open flow of minerals before April, or as a “fallback”, an exemption on licensing requirements for EU firms with no military links. “If we ever needed a business case for de-risking, China is giving us it right now,” Valle Lagares said at a webinar hosted by the German Marshall Fund for the United States, a non-profit think tank.

The EU’s Deputy Director General for Trade, Maria Martin-Prat, described the controls as “disturbing”. “We are seeing, in the case of China, an expansion of what can be covered by export controls and a multiplication of the use of those controls in a manner that is affecting not only rare earths but also critical raw materials and some technologies,” Martin-Prat said at an event hosted by MLex, a Brussels media outlet. **Some companies worry that they would have to stop manufacturing due to a cut in supplies of rare earths.**

Expectations in the EU are low ahead of the July 24 and 25 Summit, where the bloc will be represented by European Commission President Ursula von der Leyen and European Council President Antonio Costa. The sides will first meet in Beijing, followed by a second day in Anhui province. “It’s really time for China to show it is the reliable trading partner they claim to be,” said Valle Lagares. “Unfortunately, what we’ve seen in recent weeks is rather worrying.” The “next couple of weeks will be decisive” in the overall relationship, she added.

Meanwhile, the United States and China reached a

“framework” agreement on how to facilitate rare earth shipments, implementing a deal based on bilateral trade in Geneva, Switzerland, the White House said. “The Administration and China agreed to an additional understanding for a framework to implement the Geneva agreement,” a White House official said. The understanding focuses on “how we can implement expediting rare earths shipments to the U.S. again”. U.S. Commerce Secretary Howard Lutnick explained that China is “going to deliver rare earths to us” and once they do that, “we’ll take down our countermeasures”. Confirmation of the agreement came shortly after U.S. President Donald Trump said the U.S. had signed a trade deal with Beijing a day earlier, offering no further details. President Trump added: “We are starting to open up China, things that could have never happened”.

Efforts to forge a broad trade deal are meant to prevent sharply higher import tariffs from taking effect on August 12, when Trump’s so-called “reciprocal tariffs” – as high as 125% on Chinese goods – could be reimposed. The White House clarification did not elaborate on whether the framework would stop the tariffs from being reimposed. Wendy Cutler of the Asia Society Policy Institute called the agreement a **“welcome development” contributing to the de-escalation of Sino-American tensions**. Noting that details of the deal were still unclear, Cutler, a former Assistant U.S. Trade Representative, voiced hope that it “lays out in specificity how the resumption of Chinese exports of critical minerals and magnets will be carried out and what the U.S. is expected to do in return in terms of tariffs and export controls,” as reported by the South China Morning Post.

INNOVATION

Yangtze River Delta transformed into a national innovation hub



In Suzhou, Jiangsu province, the start-up Magic Lab specializes in full-sized humanoid robots designed to interact with people and work in factories – **just one example of the Yangtze River Delta (YRD) region’s transformation into a national innovation hub**. “More than 90% of the components, including critical parts like torque motor joints, actuators, control units and dexterous robotic hands, are developed in-house and locally manufactured,” said Wu Changzheng, Magic Lab’s

President and a graduate of Shanghai Jiao Tong University. “The other 10% is in central processing units (CPUs).”

Magic Lab is one of thousands of cutting-edge ventures reshaping Jiangsu and neighboring Zhejiang province. Once known for producing textiles, chemicals and machinery, the Yangtze River Delta is now home to a new generation of firms developing technologies critical to China’s future. The start-up has developed a general-purpose AI model that integrates sensing, navigation and movement control, enabling its humanoid robots to quickly adapt to tasks and cooperate in real-world environments. According to Wu, the local government has fostered a supportive environment through tax incentives, industrial estates and other measures, providing the company with a solid foundation.

Most of its funding comes from private sources, with the firm largely driving its own research and development (R&D). One of the main factors attracting Magic Lab to Jiangsu is its mature manufacturing base – particularly in next-generation information technology, high-end

equipment, new materials and other advanced sectors. This offers quick access to upstream and downstream support and helps reduce supply chain costs, according to the company. Based in the same city as appliance unicorn Dreame Technology – one of Magic Lab's investors – Wu's team has deployed its humanoid robots on the partner's factory floor to gather real-world data and explore multi-robot coordination, a field still in its infancy in China.

The transformation underway in the Yangtze River Delta builds on a decades-long industrial base. After China launched reform and opening-up, entrepreneurs in the lower reaches of the eastern coastal region quickly set up private factories, turning it into one of the country's first manufacturing hubs. For years, cities like Yiwu, known for small commodities, and Kunshan, a major hub for electronic components, symbolized Zhejiang and Jiangsu's traditional industrial strengths. But that image is rapidly changing. **The YRD now stands at the forefront of China's drive for "high-quality growth"**. Building on its strengths, the region has emerged as a hub of innovation amid a national push for technological self-sufficiency. Long powered by industrial output, vibrant private economies and close proximity to China's financial hub Shanghai, both Jiangsu and Zhejiang consistently rank among the country's top five provincial economies in terms of GDP. Jiangsu, in particular, has held the number two spot for decades, behind only Guangdong province – with the gap narrowing each year.

In 2024, the combined GDP of the two provinces in the Yangtze River Delta reached CNY22.7 trillion, rivaling that of the United Kingdom. While Chinese policymakers have talked about technological independence and innovation since the early 2000s, terms like "chokepoint technologies" and "self-reliance" gained wider traction during U.S. President Donald Trump's first term – when Sino-U.S. tech

tensions intensified. In 2018, President Xi Jinping elevated the YRD's regional development to a national strategy. A year later, China's State Council released **a blueprint to turn the area into an innovation hub by 2025**, targeting mid-to-high-end industrial upgrades in IT, biotech, green energy, intelligent transport and other advanced sectors.

The push has accelerated since late 2023, when Xi urged the country to embrace "new quality productive forces" – a growth model centered on technological breakthroughs and industrial upgrades. Economic powerhouses like Jiangsu and Zhejiang have been tasked with spearheading the transition, shining a spotlight on the Yangtze River Delta's reputation as a "land of plenty". **Hangzhou, Zhejiang's capital, has emerged as China's newest "Silicon Valley" thanks to the rise of its "six little dragons"** – home-grown innovators including AI start-up DeepSeek, humanoid robotics makers Unitree and Deep Robotics, video game studio Game Science, brain-machine interface innovator BrainCo and 3D interior design software developer Manycore. Meanwhile, Jiangsu leads the country with 2,163 national-level "little giant" firms – specialized small and medium-sized enterprises (SMEs) known for their technological innovation and influence in strategic supply chains, surpassing Guangdong's 1,984 and Zhejiang's 1,805.

Guo Shan, Partner at advisory firm Hutong Research, said one major advantage setting the two provinces apart is the talent pipeline from leading universities that excel in engineering and applied sciences – such as Zhejiang University, Nanjing University and Shanghai Jiao Tong University. She added that the provinces also benefit from the presence of major tech firms like Alibaba, vibrant private sectors and supportive, business-friendly local governments, the South China Morning Post.

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CHINA NEWS ROUND-UP

China's AI capital spending set to reach USD98 billion in 2025

Capital expenditure on artificial intelligence (AI) in China is forecast to reach CNY600 billion to CNY700 billion this year, according to a Bank of America (BofA) report, as China and the United States race for primacy in the vital technology. That would represent as much as a 48% overall growth this year for China's AI capex from 2024, BofA Securities' co-head of China equity research Matty Zhao, who also heads Asia-Pacific basic materials, oil and gas research at BofA Global Research, said. Government investment is expected to account for up to CNY400 billion of total AI spending. China's major internet companies are projected to contribute as much as CNY172

billion. Spending attributed by BofA to the country's large telecommunications network operators and special-purpose bonds makes up the rest of the forecast AI capex.

The predicted surge in China's AI spending in 2025 reflects the heightened enthusiasm for the technology on the back of DeepSeek's success. The Hangzhou-based start-up generated worldwide attention earlier this year after consecutively releasing two advanced open-source AI models, V3 and R1, developed at a fraction of the cost and computing power that major tech firms typically require for large language model (LLM) projects. Following DeepSeek's accomplishment, **Chinese Big Tech companies, including Alibaba and Tencent, announced plans for increased AI investments**, BofA's Zhao said.

Alibaba in February unveiled its own CNY380 billion capex plan for computing resources and AI infrastructure over the next three years. Tencent also announced efforts to ramp up AI investment, after the company's fourth-quarter 2024 capex nearly quadrupled year-on-year to CNY36.6 billion.

The Chinese government, meanwhile, has pushed for the buildout of new AI data centers. China is expected to step up its AI infrastructure development to match the U.S. government's commitment to the Stargate Project to plough up to USD500 billion over the next four years into an advanced network of data centers in the U.S. While U.S. spending on AI is geared heavily towards information technology hardware such as semiconductors, a larger portion of China's AI capex will go to building data centers and the energy infrastructure to support those facilities. Zhao added that energy resources represent an advantage for China. To fuel the country's growing AI sector, Beijing earlier this month released an action plan that coordinates the development of data centers with green energy infrastructure in certain areas to meet the power requirements of these high-performance computing facilities, the South China Morning Post reports.

China's shipments of hi-tech goods to the EU surge as its exports to the U.S. plunge

China's shipments of hi-tech goods to the European Union went into overdrive in May, coinciding with a big drop in exports of the same goods to the U.S., suggesting that the U.S.-China trade and tech wars could be affecting trade with Europe. Calculations based on recently published Chinese trade data showed that China in May exported huge amounts of batteries, laptops, smartphones and solar panels to the EU, sending import numbers for some countries to unprecedented levels. China's exports to Estonia soared 79.4% in May compared to last year, and for Cyprus the number was 70.5%, with 46.7% in Bulgaria and 42% in Hungary. The boom continued in bigger EU markets as France's imports shot up 24.2%, Germany's 21.72% and Sweden's 20.4%. With many EU markets enduring falling exports to China, the cumulative impact was **a 22% increase in the union's trade deficit with China in May.** The EU grows increasingly frustrated with Beijing's refusal to take action on many trade grievances ahead of a planned leaders' summit later this month. The bloc is declining to participate in a customary high-level economic dialogue ahead of the meeting, with sources indicating that they felt there was little point when China remained "intransigent".

In many cases, the growth was powered by hi-tech goods. Lithium-ion battery exports across the bloc surged by 52% from a year earlier, powered by 56.4% growth in Germany and 41% in France. Growth levels of 1,207% and 1,068% were observed in Estonia and Bulgaria, respectively. These statistics came on the heels of the collapse of Europe's own battery hope, Northvolt, which filed for bankruptcy in March. In Germany, the EU's biggest economy and its largest trader with China, smartphone imports leapt 221.6%, while laptop shipments jumped 33.2%. At the same time, significant drops were recorded in China's shipments to the U.S. American imports of

smartphones from China plummeted 75.7% in May, laptops were down 52.28% and lithium-ion batteries tumbled 22.8%, calculations revealed.

The figures will be studied closely by the EU Commission, which is monitoring for trade diversion emanating from U.S. President Donald Trump's high tariffs on Chinese goods. **The EU Commission fears that shipments intended for the U.S. will be diverted to Europe at a cut price,** squeezing out local producers. Earlier in June, officials said it was "too early to conclude" whether the tariffs have caused a diversion of exports to the bloc that would cause it to take emergency measures. "On the basis of the very first set of results, it's not possible to draw any conclusions because it's too early to conclude whether there is trade diversion," explained an EU official.

Trade data also revealed a substantial rise in China's shipments of small packages to Europe, as the bloc moves forward with plans to slap a flat-rate tax on parcels below a certain value. China's exports of low-value items – which are not currently subjected to customs tariffs – increased by 72% in May compared to a year earlier, to USD2.69 billion, according to calculations based on recently published Chinese Customs statistics. In almost every country that showed high growth, low-value items were a major contributing factor. They accounted for 5.43% – or USD2.7 billion – out of China's total USD49.5 billion in shipments to the EU in May. **Belgium was the biggest market overall for small parcels from China,** with more than half a billion dollars' worth coming in, the South China Morning Post reports.

Foreign Minister Wang Yi to visit Brussels, Berlin and Paris

Foreign Minister Wang Yi will pay a visit to Europe this week with the aim of enhancing cooperation, properly managing differences, and laying the political groundwork for future interactions between Chinese and European Union leaders, Guo Jiakun, Spokesperson for the Chinese Ministry of Foreign Affairs said.

In Brussels, Minister Wang will visit the EU headquarters and hold the 13th round of China-EU High-Level Strategic Dialogue. "As unprecedented global changes unfold at a faster pace, and unilateralism, protectionism and bullying practices are on the rise, it is necessary for China and the EU, two major forces, markets and civilizations in the world, to act firmly as anchors of stability and constructive forces in a volatile world," Guo said. This year marks the 50th anniversary of China-EU diplomatic ties. Over the past 50 years, bilateral trade has grown from USD2.4 billion to USD780 billion, with China and the EU having long been each other's second-largest trading partner. Ties between China and the EU have shown renewed momentum in recent months as the Chinese side and the European Parliament announced last month a decision to fully lift reciprocal exchange restrictions simultaneously. The past 50 years of China-EU relations have proven that the two sides are partners, not rivals – and certainly not adversaries, Wang said during a meeting in Beijing with diplomatic envoys from the EU and its member states on June 26. At the meeting, Wang put

forward three suggestions for the future development of China-EU relations. The first is to uphold mutual respect, in particular, Wang expressed the hope that the EU will firmly uphold the one-China principle and oppose all forms of “Taiwan independence.” Second, the two sides should stay committed to the positioning of their partnership, and third, jointly uphold multilateralism.

Spokesman Guo said that during the visit to EU Headquarters in Brussels, Wang will exchange views with the EU side on China-EU relations and major international and regional issues, take stock of the experience in growing China-EU relations over the past 50 years, enhance understanding and mutual trust, and continue to see the EU as a partner.

In Brussels, Wang will also hold talks with Belgium’s Prime Minister Bart De Wever and Deputy Prime Minister and Foreign Minister Maxime Prévot.

Wang’s upcoming visit to Germany will be his first to the country after the new German government was formed. In Berlin, he will co-chair the eighth round of China-Germany Strategic Dialogue on Diplomacy and Security with German Foreign Minister Johann Wadephul. **During his stay in Paris**, Wang will hold talks with French Foreign Minister Jean-Noël Barrot, and co-chair another meeting of the China-France high-level dialogue mechanism on people-to-people exchanges.

China's private sector continues to expand

China's private sector continues to expand. The State Administration for Market Regulation (SAMR) reported that as of the end of May, **there were 185 million private-sector entities nationwide, accounting for 96.76% of all businesses, a year-on-year increase of 2.3%.** Private enterprises and self-employed businesses have become the “dual engines” driving steady growth of the private economy, according to the SAMR. As of the end of May, the number of private enterprises had exceeded 58 million, up 5.2% year-on-year. These enterprises have continued to increase investment in technological innovation, making strong advances in strategic emerging industries such as new energy and high-end equipment manufacturing, and have become a key force supporting industrial upgrading and stable economic growth, said the SAMR. During the same period, the number of self-employed businesses reached 127 million, up 1.0% year-on-year. In sectors such as community retail and food services, self-employed businesses have adopted flexible and diverse business models to meet the varied needs of residents, the SAMR said.

The development of the private sector is an important barometer of the national economy, Li Changan, Professor at the Academy of China Open Economy Studies at the University of International Business and Economics, told the Global Times, noting that the rapid growth of private businesses and the increasing number of market entities reflect a continuously improving economic outlook and a better business environment. Moreover, the steady rise in market entities also indicates an improving environment for employment and entrepreneurship, particularly in the area of startups, said Li. “This growth includes both the increase

in the number of private enterprises and the rise in registered self-employed businesses, which together contribute to a steadily expanding capacity for employment,” he noted.

China has ramped up efforts to promote development of the private sector, which contributes more than 60% of the country's GDP. In May, China's first fundamental law promoting the private sector came into effect, strengthening legal protections and injecting fresh momentum into a key driver of the economy, the Global Times reports.

China's drug innovators use AI to speed up discovery and slash costs

Upstart Chinese drug innovators are joining their foreign competitors in deploying more artificial intelligence (AI) tools to reduce the costs of discoveries in an effort to shorten the route to clinical trials and commercialization. Genscript Biotech, based in Nanjing, Jiangsu province, is developing in-house AI tools – using its enzyme prediction database and an algorithm for altering the DNA sequence of a gene – to identify and optimize promising candidates based on protein sequences and therapeutic targets, according to analysts at Jefferies. XTalPi, a Shenzhen-based AI-powered new drugs research firm, announced a deal with U.S. firm DoveTree for global commercialization rights to its drug candidates for oncology, autoimmune and neurological diseases. Boston-based Insilico Medicine published the results of its phase two trial of rentosertib in the Nature Medicine journal, claiming the first proof-of-concept clinical validation of AI-driven discovery. Its drug candidate was tested for idiopathic pulmonary fibrosis, a chronic and progressive disease characterized by the scarring of lung tissue.

At stake is a business that is projected to grow exponentially in the next decade. **The market for AI-assisted drug discovery could reach USD13 billion by 2032 from USD1.5 billion in 2023**, Coherent Solutions said in a report in April. Spending on AI-based clinical research tools could exceed USD7 billion by 2030, the software engineering firm said. AI enables the processing of vast data, such as the genetic and protein content of biological samples, and clinical trials data more accurately and faster, according to Nebius, a Netherlands-based AI infrastructure and software provider.

“Drug innovation was slow, expensive and often bogged down by clunky infrastructure,” said Ilya Burkov, its global head of healthcare and life science. “AI platforms can help identify novel targets and design promising new drug candidates in as quick as 18 months, compared to five to seven years, traditionally.” While AI-assisted efforts are relatively new and none of the candidates have reached commercial status, the potential lies in the predictive power of AI models in accurately translating animal test results into clinical applications on human bodies, according to Goldman Sachs.

“This is where the biggest bottleneck is and where the real disruption can happen,” said Chen Ziyi, head of Asia healthcare research at Goldman. “AI is promising with lots of hopes and unknowns, hopefully it will get smart enough

for us to get there.” AI-assisted efforts have gained momentum in China’s healthcare industry over the past five years, aided by technical advancement, policy incentives and capital investment, Jefferies said. The XTalPi deal showed Chinese biotech AI capabilities have also been recognized globally, the South China Morning Post reports.

GM, Tesla and Ford, U.S. companies most at risk from China exposure

General Motors, one of America’s top carmakers, leads U.S. companies in its exposure to China, perched in a delicate position as bilateral trade tensions persist amid U.S. President Donald Trump’s steep 55% tariffs on imports from the country, according to a research report published last week. Other high-profile firms, including **Tesla, Ford, Cummins, Honeywell, Coca-Cola, and Qualcomm also rank in the top 10**, illustrating corporate America’s dependence on the country. Influential companies Amazon, Apple, Meta and Nvidia did not make it to the top 10, but remain among the largest tech firms at risk due to disruptions in the Chinese market and their global supply chains according to the latest annual index from market research firm Strategy Risks, which assessed the top 250 publicly listed U.S. companies to identify those most vulnerable to U.S.-China trade tensions in 2025. The report analyses a range of public information – including company filings, media reports, and government data – to assign each firm an exposure score from 0 to 100.

The evaluation considered factors such as supply-chain dynamics, ties to the Chinese government and Communist Party officials, industry-specific regulations in China, and even biases in the data sets related to a firm’s transparency on China-related information. With a score of 69.8, GM topped the list, followed closely by Cummins and Honeywell at 65.6 and 62.9 respectively. Tesla scored 60.7 while Coca-Cola tallied 58, closely trailed by Ford at 56.5 and Qualcomm at 56.2.

The report attributes GM’s top ranking to its “relatively high number of joint ventures with Chinese state-owned companies”. It has 10 joint ventures in China, including the 50-50 joint venture SAIC-GM with SAIC Motor, a state-owned Chinese company. In December, GM said it expected to lose more than USD5 billion as it reorganized its struggling business in China, where car sales have dropped sharply. Colgate-Palmolive, a consumer products company, was also listed as among the most vulnerable to disruptions due to its heavy reliance on Chinese exports of plastic and electric toothbrushes, “with hundreds of containers shipped from Chinese ports to the U.S. in 2024”. Apple, which topped last year’s list at No 2, slipped to No 27 this year, but it still rated among the largest tech companies most exposed to China.

According to Juozapas Bagdonas of Strategy Risks, General Motors has not only been significantly affected by tariffs, but recent restructuring of some of its joint ventures in China has also made the company more “politically exposed”. “They hold less power over those joint ventures,” he said, “and potentially the government could impose their will on intellectual property, or any other things that might be important for some American company

like GM.” Speaking at the U.S.-China Business Council in Washington last week, Xie Feng, China’s Ambassador in Washington, said many American firms were increasingly worried about “losing the Chinese market” and that their R&D efforts would “slow down”. “Your concerns should be heeded,” Xie added, as reported by the South China Morning Post.

China presents first parallel optical chip Meteor-1

Chinese researchers have developed the first highly parallel optical computing integrated chip, named “Meteor-1”, setting a milestone for using light to perform an enormous number of operations at the same time. The advance promises hardware acceleration for AI and data centers struggling with soaring computational demands. The chip achieves a theoretical peak computing power of 2,560 tera-operations per second (TOPS) at 50GHz optical frequency – performance comparable to Nvidia’s advanced GPUs. Nvidia’s latest GeForce RTX 5090 graphic card peaks at 3,352 TOPS while its previous flagship RTX 4090 only reached 1,321 TOPS. In the past, optical chips remained mostly in laboratory settings, and could not come close to commercial flagship GPUs in real-life tasks. Nvidia’s 4090 and 5090 are effectively banned for sale to China because of U.S. export controls on advanced semiconductors and AI chips that could aid Beijing in advancing its military capabilities.

As traditional electronic chips hit fundamental physical limits – from heat build-up, quantum effects and unsustainable power consumption – **optical computing emerges as a critical future direction**. Its inherent advantages, such as ultra-high speed, broad bandwidth, low power and minimal latency, position it to overcome these barriers. Progress in optical computing has long focused on two key challenges: scaling up the matrix size and increasing optical frequency. Existing top models – exemplified by prototypes from TSMC and the California Institute of Technology (CAL) – are pushing against both engineering and physical limits. Consequently, a third way – expanding computational parallelism, or the ability of chips to multitask – has become the necessary path forward.

In a paper published on June 17 in eLight journal, Xie Peng and Han Xilin of the Shanghai Institute of Optics and Fine Mechanics (SIOM) and Hu Guangwei of Nanyang Technological University (NTU), Singapore, detailed a novel optical computing system that could hold more than 100 frequency channels in a single photonic chip.

“This achievement enables a more than 100-fold increase in optical computability through ultra-high parallelism without scaling up the chip size, offering a novel technological pathway for future optical computers,” they said in the paper. “This breakthrough promises to elevate optical computing to a cost-performance level competitive with electronic chips.” The integrated Meteor-1 system features fully self-developed architecture, including a light source chip, optical interaction chip, optical computing chip and a modulation matrix driver board. Leveraging this system, the team set a world record running more than 100 tasks at the same time on the system. Operating at

50GHz, the single chip delivers theoretical peak computing power of more than 2560 TOPS, the South China Morning Post reports.

China's power generation capacity up 18.8% year-on-year

China's total power generation capacity had climbed to 3.61 billion kilowatts by the end of May, marking a

year-on-year increase of 18.8%, the National Energy Administration (NEA) said. Of this total, solar power generation capacity accounted for 1.08 billion kilowatts, surging by 56.9% year-on-year, while wind power generation capacity reached 570 million kilowatts, up 23.1% year-on-year. In terms of investment, major power generation companies poured CNY257.8 billion into power generation projects between January and May, up 0.4% year-on-year. Investment in power grid projects rose 19.8% y-o-y to CNY204 billion, the Global Times reports.

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