

China Business Weekly

21 October 2025



FCCC/EUCBA ACTIVITIES

Webinar: European Business in China: Position Paper 2025/2026
24 October 2025, 10h00 CEST



The **EU–China Business Association** is organizing a webinar focused on “**European Business in China: Position Paper 2025/2026**”, which will take place on **24 October 2025 at 10 am CEST**.

The **Position Paper 2025/2026** highlights the key challenges faced by European companies operating in China, examines broader issues within China's economy, and provides constructive recommendations to the Chinese Government on how these challenges can be addressed.

With China now entering the preparatory phase of its **15th Five Year Plan (2026-2030)**, the Paper reviews the results of the **14th Five Year Plan (2021-2025)** and suggests focus areas for the upcoming plan. The aim is to refine guiding principles to foster a more open, transparent, and mutually beneficial **EU–China trade and investment relationship**.

To support China's overarching goal of securing sustainable, high-quality economic growth, the Paper puts forward five key recommendations, calling for action to tackle underlying structural challenges, optimize capital allocation, promote equitable trade relationships, and implement policies that allow European companies to contribute more to China's green and digital transitions.

This is an excellent opportunity to gain first-hand insights into the current business landscape in China and explore how European companies can navigate the country's evolving economic and regulatory environment.

Programme:

10h00 – 10h05: Welcome remarks by **Ms. Gwenn Sonck, Executive Director, EU-China Business Association**

10h05 – 10h40: Presentation on the “**EU Business in China: Position Paper 2025/2026**” by **Mr. Adam Dunnett, Secretary General, European Union Chamber of Commerce in China**

10h40 – 11h00: Q&A Session

Practical Information:

Date: 24 October 2025 **Time:** 10h00 CEST

Location: Online **Price:** Free

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PAST EVENTS

Exclusive Luncheon with His Excellency Mr. Suo Peng, the newly appointed Minister for Trade and Economy of the Chinese Mission to the EU – 9 October 2025 – Brussels



The EU-China Business Association (EUCBA) was honored to host an exclusive luncheon with **H.E. Mr. Suo Peng, Minister for Trade and Economy at the Chinese Mission to the EU**, on **9 October 2025 at De Warande in Brussels**.

The event gathered distinguished guests from European institutions, business leaders, and representatives from both European and Chinese companies to exchange views on the evolving landscape of EU-China economic relations. With nearly two decades of experience in the **Department of European Affairs at the Ministry of Commerce of China**, and diplomatic postings in **Sweden** and **Tanzania**, Minister Suo brings exceptional expertise in EU–China economic relations.

This year marks the **50th anniversary of EU–China diplomatic relations** — half a century of dialogue, exchange, and cooperation that has built one of the world’s most significant economic partnerships.

Minister Suo Peng first of all conveyed the regrets of His Excellency Mr. Cai Run, Ambassador of the People’s Republic of China to the European Union, who was unable to join the luncheon as he was delivering an important address at the European Parliament in Strasbourg, an engagement that could not be rescheduled. He sent his warm regards and is looking forward to joining us on a future occasion.

In his keynote address, Minister Suo Peng delivered an in-depth speech on **“The Outlook of EU-China Trade and Investment Relations.”** He highlighted the opportunities and challenges shaping the partnership between Europe and China, emphasizing the importance of mutual trust, open dialogue, and pragmatic cooperation to ensure long-term growth and stability in bilateral trade.

Minister Suo also underlined China’s continued commitment to market opening, sustainable development, and collaboration in innovation and green transformation, encouraging European companies to explore new business and investment opportunities in China’s evolving market landscape.

The luncheon was opened by **Mr. Jochum Haakma, Chairman of the EU-China Business Association**, who underlined the strong and long-standing relationship between European and Chinese business communities, reaffirming the EUCBA’s role as a platform for constructive engagement.

The event concluded with an interactive Q&A session, where participants had the opportunity to exchange perspectives directly with Minister Suo Peng on key topics such as trade policy, market access, and investment trends, fostering a spirit of mutual understanding and collaboration.

The EUCBA is the leading network of bilateral China business associations committed to strengthening economic and trade relations between China and the European Union. The Flanders-China Chamber of Commerce (FCCC) holds the vice-presidency and is in charge of the management of EUCBA.

Webinar: “Belgian Customs and its activities in China” – 16 October 2025



The **Flanders-China Chamber of Commerce (FCCC)** organized a webinar focused on '**Belgian Customs and its activities in China**' on **16 October 2025**.

Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, introduced the topic and the speakers. **Mr. Emmanuel Geronnez, the Customs Attaché at the Embassy of Belgium**, who was appointed to his post in Beijing earlier this year, and **Mrs. Annabel Schreiber, the Agricultural Attaché**. Doing business has become more complex. Shifting alliances, evolving supply chains, rising trade tensions, and recent tariffs, have all made the landscape more challenging. According to a recent survey of European companies in China, more and more firms are now onshoring also their operations within the country. China is a fast-changing market, and that's why it's important to respond quickly and flexibly to new opportunities and challenges as they come up. Understanding the Chinese market is absolutely essential for success. According to a new global ranking of 139 economies by the World Intellectual Property Organization, Germany is no longer among the 10 most innovative countries in the world. It is China that has taken its place, and that's one of the reasons why more and more of our companies are in China to be part of its strong drive for innovation. So, to be successful, companies need to adapt and update their China strategies proactively and in a timely manner.

Mr. Emmanuel Geronnez, Customs Attaché in Beijing, gave a presentation on Procedures and regulations of the Chinese customs and other institutions related to import or export. There has been a Custom Attaché in China since 2008, the very beginning of the program, because China is a very important partner. The Customs Attaché in China is covering also Hong Kong and Macao. We try to nurture strong ties with the local customs administration, and we have a strong focus on the facilitation of legitimate trade. The current Customs Attaché is your servant to help individuals, but also economic operators with customs-related operations. We provide technical information about procedures, duties, taxes, and so on. We also try to assist whenever you have an emergency and a blocked shipment, for example. We cooperate with the Belgian representation in China, meaning, for example, Flanders Investment and Trade and AWEX, but also with the Ministry of Foreign Affairs that's coordinating all the efforts. We can play the intermediary for you with the Chinese Customs whenever you have questions, issues, and so on. What we will not do is be your lawyers, of course, and we will not act as your Customs brokers, and for example provide you with a Chinese commodity code. Our local counterpart is the General Administration of Customs of China (GACC). The Customs Attaché also takes part in trade missions, Mr. Geronnez explained.

The Customs Attaché also fights against fraud and illegitimate trade in order to ensure a level playing field for economic operators and against drug smuggling and so on. There are two very important instruments with China: the Mutual Administrative Assistance Agreement between the EU and China that is very useful, and also the Mutual Recognition of Authorized Economic Operators. **Mr. Geronnez said he noticed when he arrived in March this year, the deep digitalization in the country. Everything goes through internet**, and therefore, China also has a very developed cross-border e-commerce going from China and to China. This is the main market for the live streaming e-commerce, which is something we don't know really well in Europe. But in China, this is very important. There are very innovative and

emerging industries with a lot of creativity. Whenever it comes to investments, import, export, or sourcing your products to China, it often involves a custom aspect.

There are some very important attention points in China. In China, everything has to be done by the book. Do not think that you can make a small mistake in a declaration and correct it later. It doesn't work that way. Here, the information and the prevention are of the essence, and there are other things that should not be overlooked, like the language and cultural barriers. Another attention point are the procedures before import and at the border. A simple example of that is the registration you need. If you are a food manufacturer, you need to register at the GACC and make sure you have all the necessary documentation before you arrive at the border. Another important issue is the fast changing legislation, especially on export control. The Chinese Customs are a very important partner because they act as a true gatekeeper. Actually, they control all the aspects of customs.

When you look at the figures of the commerce between Belgium and China that are provided by the Belgian Foreign Trade Agency, you can see that **China is the 10th client of Belgium and the fifth supplier. The GACC is one of the main and key players you will meet in China whenever you're doing business here.** This is a full ministerial level agency directly under the State Council. The Director General of Customs has the rank of a Minister. The commodity code is something very simple, but something very important. These are the building bricks of international trade. Without them, you cannot do anything. The International Harmonized System of the World Customs Organization ensures that the commodity codes of the products in the entire world almost are always the same up to six digits. After the six digits, it will differ, but up to six digits, it will be the same. This is a system that is revised every five years. The last revision was from 2022, and the next one will come in 2027. Since the reorganization in 2018 in China, the Chinese commodity code has 13 digits. So it is important to always check the correct Chinese code.

In China, there is a three-tier tax rate system with three different rates, 13%, 9%, and 6%. These VAT rates on imported goods decreased over the last years. There will be a new VAT law as from January 1, 2026. This new law will modernize the VAT system in China. It will retain the three-tier tax rate system with these three main rates and also clarify the dutiable place of consumption for cross-border e-commerce, which is very useful, and also provide some clarification about dutiable transactions. There is also a consumption tax applicable on particular categories of products, like those that are considered harmful to health, for example, tobacco, or luxury items, or high-end products. Every year you need to check the tariff because it is changing, and you can have regular tariff cuts to show openness or raise consumption. On some raw materials, you will have exemptions of duties and VAT from time to time.

The Chinese compulsory certification (CCC) is the equivalent of the CE certification since 2002 and is mandatory for roughly 150 types of products or voluntarily in order to give confidence about your products on the market. This is valid for five years. In 2024, there was a new customs tariff law that entered into force on December 1, 2024 and is a consolidation of the rules and the regulations that existed before into one single administrative law. It enhances the government's power to impose retaliatory tariffs and introduced the notion of tariff withholding obligations for some cross-border e-commerce platforms, new customs law penalties, and criminal offenses for customs law violations. It clarified the rules of origin in China and strengthened the intellectual property protection. It also extended the period for tax refunds and back duty.

The hot topic of 2025 is export control. This is not something completely new. It started in 2020 with the new export control law. In 2023, there was a licensing requirement that was introduced for gallium and germanium. Then, in 2024, you had licensing requirements for drones and their equipments, but also antimony and ultra-hard materials. **In 2025, we see that everything has sped up. Almost every month, we have new rules**, and everybody has heard that on April 4 China announced a licensing requirement for seven rare-earth elements. So, you have to know that China is the global leader for rare-earth production, extraction, and processing, and therefore, they are unavoidable. On June 16, you had the announcement that introduced the **Customs Challenge for Dual-Use Items Export Control**, a procedure during which GACC will challenge companies whenever they try to export goods and they are unsure if they fall under the export control list or not, the licensing requirements. It will open a procedure that lasts seven days to provide information to the GACC in order to convince them that the goods are not under the licensing requirements. You can end up in three different situations. The first one would be that they conclude that the goods are not submitted to licensing requirements. The second is that you need to apply for a license. The third one is that they are unsure and then you have an appraisal period that begins and you need the opinion of an expert of the Ministry of Commerce (MOFCOM). On October 9, MOFCOM introduced new obligations and rules concerning five additional rare earth elements and licensing requirements for some technologies that are related to rare earths, mining, smelting, separating, refining, manufacturing, and recycling. Finally, whenever you have a transaction overseas between two foreign companies, and the items that are traded contain Chinese rare earths, accounting for 0.1% minimum of the total value of the finished item, then a license is also required, but nobody knows so far how it will be applied. But it is important to know that the context is getting more stringent. It is important to foresee enough time for the different procedures and applications, and for the licensing with MOFCOM. If you have a problem with the Chinese Customs or MOFCOM to get a license, please inform the Belgian Embassy. "Sometimes we can help, sometimes we cannot, but at least we'll have a better understanding of the situation," said Mr. Geronnez.

Ms. Annabelle Schreiber, Agricultural Attaché, Embassy of Belgium in China, introduced the **Support given by the Federal Agency for the Safety of the Food Chain (FASFC) to local companies when exporting to China.** FASFC integrates all control services that are competent for the entire food chain. The FASFC is not only competent for controlling food, feed, fertilizers and phyto-pharmaceuticals, but it is also responsible for sanitary and phytosanitary prevention and control measures. FASFC is also in charge of the implementation of European legislation in Belgium, like the official

controls regulation, the animal and plant health laws, and to lay down operational rules on controls, certification, infrastructure standards to be complied with by food chain operators. FASFC is also competent for the import checks at the different ports and airports, for instance, in Antwerp, Ostend, Zaventem, Bierseker and Gosselies. The type of border checkpoints depend on the animals or products imported into Belgium. The FASFC is also the competent authority for issuing export certificates for all commodities within the entire food chain, including live animals, plants, animal feed and all kinds of food. It also controls the exported goods and accompanying documents depending on the risk presented by the consignment to be certified and the requirements applied by the importing country. The three main departments involved in export are the local control units, the notification and certification cell, and the international affairs department. Export certification is carried out by FASFC certifying agents from one of the nine local control units. This certifying agent verifies that the exporting establishment and the exported goods comply with all the requirements of the EU food law and with the specific requirements of China. The international affairs department, the experts and the Attaché in China make specific trade agreements to clarify certification requirements for the exporting operators and for the FASFC certifying agents. For instance, this year FASFC published updated instruction manuals for dairy products, pork meat, pet food, mineral feed, feed additives and premix.

FASFC opened its office in Beijing at the Belgian embassy in 2021. It is the only FASFC office abroad. Mrs. Schreiber arrived in 2021 and focuses on all matters related to sanitary and phytosanitary measures, which means dealing with everything linked to food safety, animal and plant health that are absolutely essential for international trade and consumer protection, but she doesn't cover pure agricultural or economical aspects, which are the competence of the region. The Agricultural Attaché's mission is to act as a bridge between Belgium and China on SPS topics, helping both sides to communicate effectively, solve technical issues and develop strong cooperation. The goal is to facilitate smooth and safe trade between the two countries, **ensuring that Belgian products reach the Chinese market while fully complying with Chinese regulations.** A large part of the job is to support market access for Belgian agri-food products. That includes coordinating the negotiation and implementation of export protocols and MOU, following up inspections and audits, and ensuring that all requirements are met for all kinds of products.

This year, two protocols were signed, one for pork meat and by-products and another one for pet food. The role of the Attaché is also to negotiate to lift the ban related to animal disease, for instance, HPI, Newcastle disease, BSA, and so on. Each of these requires close coordination between the FASFC, the Embassy, and Chinese authorities to make sure the right procedures are in place and the trade can flow safely. Negotiation on sanitary and phytosanitary import conditions are extremely lengthy procedures. **To open a new market actually needs years.** Mrs. Schreiber is also assisting Belgian companies with the CIFER platform, the Chinese online system used for registration of foreign food establishments. This year it represents close to 100 cases.

A Q&A session concluded the webinar.

Interested to obtain the PTTs, please send an e-mail to info@flanders-china.be

Webinar: “Grants and Opportunities in EU Circular Economy” - 21 October 2025



The Flanders-China Chamber of Commerce (FCCC) organized a webinar focused on “Grants and Opportunities in EU Circular Economy” on 21 October 2025 with Mrs. Els Van Poucke, Partner; Mrs. Dominique Vanherck, Director, and Mr. Charles D’Haene, Junior Associate of Deloitte Legal Lawyers; and Mr. Xu Lin, Manager, Deloitte’s Grants & Incentives Team.

A detailed report will follow next week.

ACTIVITIES SUPPORTED BY FCCC

**World Young Scientist Summit (WYSS) The 4th WYSS European Event
October 31, 2025, 9:30-21:00 - Brussels**



 **WYSS 2025**

**WORLD YOUNG
SCIENTIST SUMMIT (WYSS)
THE 4th WYSS EUROPEAN EVENT**

Embarking Together on a Journey
of Future Exploration

Venue
Tangla Hotel Brussels
(Avenue E. Mounier 5, 1200 Brussels)

Time
9:30-21:00
October 31st, 2025
(Registration and
Morning Coffee: 8:30)

To register
[https://aceie.eu/product-categorie/
wyss-2025-europe/#apply-invitation](https://aceie.eu/product-categorie/wyss-2025-europe/#apply-invitation)



For more information
<https://aceie.eu/wyss>
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World Young Scientist Summit (WYSS), the 4th WYSS European Event: Embarking on a Journey of Future Exploration

Venue: Tangla Hotel, Avenue E. Mounier 5, 1200 Brussels

Time: 9:30-21:00, October 31, 2025 (Registration and morning coffee: 8:30)

To register: <https://aceie.eu/product-categorie/wyss-2025-europe/#apply-invitation>

For more information:

<https://aceie.eu/wyss>

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For more information about the Career Lunches or other opportunities, feel free to reach out to [dr. Katrien Daemen-de Gelder](#).

The 5 Flemish universities look forward to welcoming you in Ghent and helping you connect with tomorrow's innovators.

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INNOVATION

Yangtze River Delta at forefront of innovation drive



An industrial consortium to facilitate the development of embodied intelligence in the Yangtze River Delta region was set up in late September at the annual China International Industry Fair in Shanghai. The fair attracted 3,000 companies from 28 countries and regions and showed more than 1,000 new technologies and products. The first group of companies and institutes joining the consortium includes Shanghai-based robotics company Fourier Intelligence, Standard Robots (Wuxi), new mica composite materials manufacturer Zhejiang Glory, and Wuxi-based Jiangnan University.

Cheng Peng, Party Secretary of the Shanghai Municipal Commission of Economy and Informatization, said that Shanghai has played a key role in leading the development of high-end industries such as embodied intelligence after the city positioned itself as an innovation hub. By leveraging resources from all over the world, Shanghai can help build the Yangtze River Delta region into a comprehensive demonstration and pioneering zone for embodied intelligence, he added.

Other areas of the region also have their respective strengths. Ma Xuan, Chief Researcher of the China Academy of Urban Planning and Design's Shanghai branch, said **Jiangsu has taken the lead in issuing jointly compiled academic papers**, which can be largely attributed to the many well-established universities in the province. In addition, **Anhui province has sped up the industrial application of innovations achieved in the lab**, she said. Lu Xiongwen, Dean of the School of Management at Fudan University, said disruptive technologies such as artificial intelligence (AI) are reshaping business logic. Industrial upgrading, which is resource reliant, is now more dependent on coordinated development within an ecosystem. As seen in numerous cases, coordination among companies, research institutes, and governments in the Yangtze River Delta region provides a replicable model for other parts of China. This in turn provides more momentum for China's high-quality economic development, he said.

The Yangtze River Delta region – comprising Shanghai, and Jiangsu, Zhejiang and Anhui provinces – has seen its leading position in China's technological innovation become increasingly evident, according to a report released by the Chinese Academy of Science and

Technology for Development (CASTED) in late September. The region **accounted for over 30% of China's research and development (R&D) expenditure**, industry experts, high-value patents, and high-tech exports. Nearly half of the country's international technology income is generated in the region, the report said. Liu Dongmei, the Academy's Party Secretary, said coordinating technological innovation is never the job of one government department. Various industries should be included and resources efficiently directed across different administrative regions, she said. One example in the Yangtze River Delta region is the production of Tesla electric vehicles. While Shanghai provides the chips for the smart-driving technology, Jiangsu supplies the batteries, Zhejiang does the body casting, and Anhui is responsible for the final vehicle assembly. The region is home to **industrial clusters of three emerging technologies – integrated circuits, biomedicine and AI**. Nearly 60% of China's IC industrial output, one-third of AI industrial output, and one-third of biomedicine are all generated in the region. The region's GDP topped CNY33 trillion in 2024, surpassing that of Japan. Taking up just 4% of China's total area, the region contributed nearly 25% of the country's GDP.

Other regions have also noticed the power of coordinated technological innovation. The Beijing-Tianjin-Hebei region saw its combined R&D expenditure reach CNY445.8 billion last year, according to the CASTED report. The area's R&D expenditure intensity, or the ratio of R&D expenditure to GDP, approached 4.3%, 1.6 times the national average. Similar examples can be found in the Guangdong-Hong Kong-Macao Greater Bay Area. Guangdong province's R&D expenditure hit CNY510 billion in 2024, topping the CNY500 billion threshold for the first time and securing its position as the largest R&D spender among all provincial-level regions for the ninth consecutive year. The Qianhai Shenzhen-Hong Kong Youth Innovation and Entrepreneur Hub, located in the western part of Shenzhen, Guangdong, is only 30 minutes drive from central Hong Kong. It has served as the first stop for many Hong Kong startups aiming to expand their footprint in the Chinese mainland. Since the hub's establishment in 2014, a total of 1,450 startups have been nurtured there, with 1,028 of them originating in Hong Kong, Macao and other places.

The progress in the Yangtze River Delta region is reliant on the shared targets of the local governments, which are translated into coordinated development plans and co-working mechanisms. The coordinated development of the Yangtze River Delta region was elevated to a national strategy in 2018, but its inauguration in November 2019 as demonstration zone for the region's green and integrated development was a major step. By the end of 2024, over 112 coordinated institutional innovations had been nurtured in the zone. Among those, 38 have been promoted nationwide, in areas covering ecological conservation, land management, cross-regional flow of production factors, and integrated tax collection and administration, the China Daily reports.

AUTOMOTIVE

Innovation and supply chains fuel NEV growth



A new energy vehicle super factory in Beijing's suburban Miyun district, operated by Beijing Automotive Industry Corp (BAIC), reflects the advanced state of China's NEV industry, which continues to set global benchmarks in terms of both scale and innovation. The China Association of Automobile Manufacturers (CAAM) said the country's NEV production volume surged 37.3% year-on-year to over 9.625 million units in the first eight months, while sales reached 9.62 million units, a 36.7% increase, highlighting robust manufacturing capacity and strong market demand. China produced more than 12.88 million NEVs, sold 12.86 million in 2024, and has led the world in NEV production and sales for the past 10 consecutive years.

The NEV sector's impressive performance is underpinned by relentless technological innovation and a complete industrial chain in China. **A flurry of technological breakthroughs have emerged across the industry this year**, spanning power batteries, intelligent driving systems, ultra-fast charging and ecosystem integration. Earlier this year, CATL announced that its all-solid-state battery research and development (R&D) had entered the pre-mass production stage, featuring an energy density more than 30% higher than traditional liquid lithium batteries and a lifecycle exceeding 2,000 charges. Meanwhile, BYD recently unveiled its super E-platform, providing a charging speed that enables a 400-kilometer driving range with just a five-minute charge. Chinese automakers are leveraging artificial intelligence (AI) to **transform vehicles from traditional mechanical products into "smart mobile terminals"**, with learning, decision-making and interactive capabilities.

At the 2025 Shanghai International Auto Show in April, multiple automakers showcased their intelligent driving progress. Huawei presented its latest intelligent driving system Qiankun ADS 4.0, which cuts end-to-end latency by half and improves traffic efficiency by 20%, while Xpeng Motors unveiled its Turing AI autonomous driving chip. Xin Guobin, Vice Minister of Industry and Information Technology (MIIT), said that during the 14th Five Year Plan period (2021-25), the country has continuously formulated industrial development plans at the national level.

Enterprises in the NEV sector have stepped up investment, tackled a series of major technological challenges, and achieved substantial improvements in product quality and performance. Xin cited examples such as the average range of Chinese-made electric passenger vehicles increasing to nearly 500 km, the unit cost of power batteries dropping by 30% and their lifespan increasing by 40%, as well as charging speed improving more than threefold.

A robust, deeply integrated and open supply chain – from raw material processing and battery manufacturing to vehicle assembly and software development – continues to underpin the sector's momentum. Companies like CATL and BYD are complemented by a dense network of suppliers, many of whom are clustered in industrial hubs across the Yangtze River Delta and the Pearl River Delta, facilitating efficient collaboration and rapid iteration. The Yangtze River Delta, for instance, has built a "four-hour industrial ecosystem", where **any NEV plant can obtain all required parts within a four-hour drive.** Within this collaborative cluster, Shanghai offers the industry a technological "brain" comprised of chips and software. Changzhou in Jiangsu province, some 200 km west of Shanghai, supplies the "heart" in the form of power batteries, while Zhejiang province's Ningbo – 200 km to the south – contributes the "body" of vehicles via advanced integrated die-casting machines. Changzhou has established an NEV industrial chain covering more than 10 sectors, including powertrains, braking and steering systems, electrical instrumentation, lighting, vehicle bodies and interior trim. Over 3,000 related manufacturing enterprises have gathered in this city, generating an annual output value of CNY300 billion.

The openness of China's industrial ecosystem has attracted leading international automakers. At the 2025 World New Energy Vehicle Congress recently held in Haikou, Hainan province, **Sean Green, President and CEO of BMW Group Region China**, showcased the automaker's partnerships with China's domestic leaders in batteries, driver-assist systems and AI foundation models. Green highlighted joint projects with CATL to co-design large cylindrical cells, a partnership with Chinese self-driving startup Momenta to develop driver-assist software, and a collaboration to integrate Alibaba's AI foundation model and Huawei's intelligent-vehicle stack into BMW cars. "This goes beyond conventional partnerships," said Green, adding that "such projects form a symbiotic ecosystem that benefits both sides". He also expressed the view that **"technology openness is the valuable experience we took from China's success"**. Toyota, meanwhile, signed an agreement with the Shanghai municipal government in April to invest CNY14.6 billion in establishing an NEV company to produce Lexus-branded electric vehicles and Toyota power batteries. Building on its domestic strength, China's NEV sector is going global and forging partnerships with automotive supply chains worldwide to achieve shared growth, the China Daily reports.

FOREIGN INVESTMENT

China becoming a global hub for two-way investment



As global supply chains undergo transformation and investment patterns shift, China has taken on a dual role in the world economy – as both a magnet for foreign enterprises and an increasingly influential outbound investor, said experts and executives. This signals not only continuity in the country's opening-up policy, but also a deeper transformation – that China is no longer just a participant in global growth, but is becoming a co-architect of it, they said. **What draws foreign companies today is not the promise of low costs, but the chance to innovate, to test ideas in a vast and demanding market**, and to use China as a springboard into global competition. "China remains the top target market for enterprises expanding their global trade layout, with 44% of global enterprises selecting China as their first choice for expansion," said David Liao, Co-CEO for Asia and the Middle East at HSBC. Citing survey data, he added that 40% of global firms are either already increasing or planning to increase their manufacturing footprint in China over the next two years.

Many executives call the Chinese market a touchstone for development. ABB CEO Morten Wierod said China is the cornerstone of ABB's business, with Xiamen, Fujian province, becoming its largest global manufacturing base and innovation center. The same pattern plays out in life sciences and healthcare. Anita Wei, Vice President of External Affairs at Danaher China, said her company's "Double Innovation Engine" strategy is built on deep localization. "We aim to achieve 80% of sales revenue from localized production and 80% of raw material sourcing from the Chinese market," she explained. "This allows our R&D teams to respond directly to clinical needs in China and then promote those solutions globally." Wei emphasized that the company's commitment is also about long-term trust. "China's continuous opening-up and improving business environment give us the confidence to keep investing. We are committed to building long-term, trusted partnerships that address global challenges together."

Other foreign companies have adopted similar strategies. Zhao Bingdi, President of **Panasonic China**, described the shift by saying that China is not only a manufacturing center for Panasonic, but also an innovation hub, and that the Japanese firm is **transitioning from "in China, for China" to "in China, for global"** with the aim of **leveraging the competitive edge honed in China** for Southeast Asia and beyond. These strategies have been underpinned by policy. China has steadily opened its doors wider, reducing national and free trade zone negative lists for foreign investment to 29 and 27 items, respectively. Restrictions on manufacturing investment have been removed, while pilot programs in cloud computing, biotechnology and wholly foreign-owned hospitals are underway. Procurement, IP protection, data flows and tax incentives are all being fine-tuned to create a more predictable business climate.

If inbound investment illustrates how China strengthens multinationals, **outbound investment shows how Chinese firms are reshaping international markets**. In 2024, outward direct investment reached USD192.2 billion, bringing cumulative investment above USD3.14 trillion. **For the 13th year in a row, China ranked among the world's top three investors**, according to the 2024 statistical bulletin of outward direct investment (ODI). At the end of 2024, 34,000 Chinese investors had established 52,000 overseas enterprises in 190 countries and regions, including 19,000 in Belt and Road Initiative partner countries. One example is Hungary. From 2014 to 2024, Chinese enterprises invested close to USD20 billion in Hungary, creating more than 30,000 local jobs in sectors such as automotive batteries and intelligent logistics. These projects have not only delivered advanced technologies, but also strengthened Hungary's position in Europe's industrial chain. In Egypt's TEDA Suez Economic and Trade Cooperation Zone, Chinese enterprises have built integrated clusters centered on high-end manufacturing and logistics – a "localized production + global sales" model that has spurred industrial upgrading and job creation, earning praise from the Egyptian government.

Smooth two-way capital flows depend on a robust financial system that can provide not only funding, but also risk protection and efficiency for cross-border activities. "Outbound investment always involves the movement of capital across borders, and financial institutions are now participating in more diverse ways," said Zhou Mi, Senior Research Fellow at the Chinese Academy of International Trade and Economic Cooperation. He believes that services will only grow more localized and innovative. "Many Chinese and international banks are expanding their global presence, which allows them to provide on-the-ground services. At the same time, new tools – such as stablecoins and faster cross-border payment systems – are emerging to make capital flows more efficient," he said, as reported by the China Daily.

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CHINA NEWS ROUND-UP

Canton Trade Fair improves services and welcomes more participants

The 138th China Import and Export Fair (Canton Fair) open on October 15 in Guangzhou, Guangdong Province, is upgrading its exhibition services with a focus on digital efficiency, smart technology, and sustainable practices to enhance attendees' experience, including booth navigation services empowered by the BeiDou Navigation Satellite System (BDS). The fair has optimized certification for overseas traders, with buyers applying for and receiving entrance passes in less than 30 seconds, a sixfold improvement over previous systems. There are also remote application stations at Guangzhou's airports, 60 hotels, and transport hubs, such as railway stations and ship terminals, further simplify access for international buyers. **About 207,000 buyers from 217 countries or regions had registered to participate in the Fair as of October 9, representing a 14.1% increase from the previous fair.** Among them, the number of buyers from the EU, the U.S., and countries participating in the Belt and Road Initiative has grown significantly.

The fair has rolled out a significant upgrade to its navigation services, with an artificial intelligence (AI)-powered smart navigation system. **The fair spans 1.55 million square meters, featuring 74,600 booths and more than 32,000 exhibitors – record highs – with approximately 3,600 first-time participants.** Leveraging Bluetooth, 5G, and BDS technology, the Canton Fair app provides booth-level navigation, optimal walking routes with continuous real-time guidance, and augmented reality-enabled live-view navigation. A highlight is the debut of the "ASK ME" AI assistant. Visitors can interact with AI chatbots for instant booth information, product queries, and dining recommendations, while smart signposts offer dynamic route planning across the venue. To reduce its environmental impact, the fair is piloting modular exhibition stands built with prefabricated, reusable components. This approach slashes construction time and cuts costs, aligning with global sustainability goals, the organizer said, as reported by the Global Times.

The South China Morning Post adds that **Chinese exporters said they were pivoting away from the American market** but faced squeezed profit margins and increased credit risks. Many are hoping that Europe can act as a lifeline, while rising demand from emerging markets is offering them some relief. "We sent many Canton Fair invitations to European and American clients, but many U.S. buyers said they would not attend," said Louis Huang, a lighting exporter from Zhejiang province.

"Our U.S. orders have shifted to Southeast Asia. The U.S. market is essentially lost, so we can't afford to lose the European market," he added. "Next year's orders look weak, with some clients holding 50% to 60% inventory."

Shanghai to scrap all foreign investment limits in manufacturing

Shanghai authorities have pledged to remove all regulatory hurdles for foreign investors to set up manufacturing businesses. Mayor Gong Zheng said overseas companies in the fields of electric vehicles, value-added telecommunications services, biotechnology and hospitals will have full access to the Chinese market. "We are taking an orderly pace in further implementing institutional reforms in opening up the market," he said at a press conference after the annual International Business Leaders' Advisory Council (IBLAC) meeting. "We understand that openness is the biggest advantage that Shanghai enjoys."

Admitting that foreign direct investment (FDI) in Shanghai dropped recently, Mayor Gong said that multinational firms had opened more research and development (R&D) centers, as well as regional headquarters. He also said that Shanghai municipality would ensure that foreign-funded manufacturers would be treated equally in government purchases. "They will also receive our support when they participate in building supply chains, whether upstream or downstream," he added.

At present, foreign manufacturing companies in certain areas, such as telecommunications, are still subject to an investment ban or cap. They also face lengthy and complex approval procedures even if their investment proposals are in compliance with Chinese laws and regulations. "The Mayor has conveyed a message to the big multinational companies that Shanghai, as a gateway for them to enter the mainland, is still an investment magnet," said Ding Haifeng, Consultant at financial advisory firm Integrity in Shanghai. "Foreign businesses are of vital importance to the city's and the country's economies."

The annual IBLAC meeting, started in 1989, convenes leaders of big-name multinational businesses to provide Shanghai leaders with international perspectives and advice to drive economic development. Adidas, Roche and ABB Group are among the current membership of around 50 companies, the South China Morning Post reports.

Chinese airlines offering free wi-fi to better compete with high-speed trains

China's biggest airlines have started offering free wi-fi to passengers on a growing number of domestic flights, as they vie to win back business travelers who now often prefer high-speed trains. **China Eastern Airlines on October 11 launched a free "basic" wi-fi service on all its wide-body aircraft on domestic routes.** The planes cover a total of 37 routes serving major Chinese cities including Beijing, Shanghai, Chengdu, Kunming and Wuhan. Air China and China Southern Airlines, two of the company's main competitors, already provide free wi-fi on smaller percentages of their domestic flights. "We've had 'work from home', and now a lot of business travelers are changing the phrase to 'work from the air'," a China Eastern representative said, noting that a test of the free wi-fi in August had met with positive customer feedback.

The offer comes as China's air travel industry faces growing competition from the country's high-speed rail network, especially in the lucrative business travel market where passengers often prefer the comfort and convenience of bullet trains. **On busy routes such as Beijing-Shanghai, travelers have switched from air to rail** in such large numbers that the China Air Transport Association (CATA) warned in April that its passenger base was being "eroded". Air China, China Eastern and China Southern all made losses in the first half of the year, with the companies citing intense competition, supply imbalances, and the impact of high-speed rail. A lack of on-board wi-fi has long been a "significant competitive disadvantage" for Chinese airlines relative to bullet trains, said Peng Peng, Executive Chairman of the Guangdong Society of Reform think tank.

Business travelers on Chinese high-speed trains have benefited from on-board wi-fi for the past nine years. They can also access 5G data via their phones, except in remote areas. "Passengers who need to stay connected online are likely to choose high-speed rail," Peng said. "This includes those investing in financial sectors like the stock market, those maintaining uninterrupted control of businesses, and those who need to hold online meetings or reviews at specific times." In China, flights and high-speed train journeys now compare closely in terms of travel times and price. A train ticket from Beijing to Shanghai, for example, costs about CNY500-600 for a one-way trip, which takes about 4.5 hours.

Max Modesti, an Italian restaurateur based in Shanghai, said he had only taken the train to Beijing over the past 10 years, as it was "more efficient and without stress" compared with catching a plane. Unlike flights, the trains are rarely late or cancelled, and they drop passengers off near city centers rather than at a far-flung airport, according to Modesti. He could usually get a stable wi-fi connection on the train, and if it dropped out he could simply use 5G, he added. But Jerry Li, a Shanghai-based venture capital fund manager, said he only got spotty wi-fi on trains to Beijing and that he preferred to take flights because they kept running later at night than the trains, the China Daily reports.

AMIES Technology taking on ASML in lithography equipment

AMIES Technology, a new Chinese lithography equipment manufacturer that showcased its latest chipmaking products at an industry event in Shenzhen, **is offering renewed optimism to reduce China's dependence on Dutch firm ASML.** Advanced lithography remains a significant bottleneck in China's chipmaking ambitions. The country still trails far behind global leaders in the technology and is restricted from acquiring ASML's top deep ultraviolet (DUV) and extreme ultraviolet (EUV) systems due to U.S. export controls. Founded in February, AMIES is a spin-off from China's leading lithography company, state-owned Shanghai Micro Electronics Equipment (SMEE). While SMEE focuses on developing essential front-end tools, AMIES aims to commercialize equipment more swiftly, according to company representatives.

U.S.-sanctioned SMEE excels in back-end semiconductor processes like packaging, which often require less advanced lithography technology. When it comes to front-end wafer fabrication, however, it is still trying to catch up with Western leaders such as ASML. The Chinese company's most reliable production-grade lithography tools are believed to support processes around the 90-nanometer node and above. In late 2023, its shareholder Zhangjiang Group briefly claimed on social media that SMEE had "successfully developed a 28-nm lithography machine", but later retracted the reference. In contrast, ASML's EUV systems are used by leading chipmakers for processes at 2-nm nodes and below. For now, AMIES said its flagship product is its advanced packaging lithography machine, which held a global market share of 35% and a 90% share in China.

On its website, **AMIES lists four product lines: integrated circuits, advanced packaging, compound semiconductors and flat-panel displays,** including various types of annealing, inspection, chip manufacturing and packaging tools. In August, the company said it shipped its 500th stepper lithography machine. Steppers expose chip patterns on wafers one section at a time, unlike scanners, which continuously move the mask and wafer for faster, more precise exposures.

AMIES received an award at the China International Industry Fair in September for its "next-generation fan-out packaging lithography system". The company has received solid state support. AMIES's nearly 30 shareholders include local government-backed funds such as Shanghai Information Investment, Spinnotec, the venture arms of Zhangjiang Hi-Tech Park and Citic Group, alongside a number of private equity investors, according to the Chinese corporate database Tianyancha. AMIES said it had a technical team of 600 people, with an average age of 33, and 65% holding master's or doctoral degrees, the South China Morning Post reports.

Chinese semiconductor companies showcase new products at Shenzhen expo

Chinese semiconductor companies unveiled new products featuring cutting-edge technologies at the WeSemiBay Semiconductor Ecosystem Expo in Shenzhen, as China is experiencing rapid growth and achieving breakthroughs across multiple domains of the industry. Shenzhen LongSight Technology unveiled the global launch of its independently developed new-generation **ultra-high-speed real-time oscilloscopes**. With a bandwidth exceeding 90 GHz, it ranks second in the world and has broad industrial applications in the fields of semiconductors, 6G and optical communications, and intelligent driving, said CEO Liu Sang. Shenzhen LongSight Technology is a subsidiary of SiCarrier.

Another subsidiary of SiCarrier has released proprietary electronic design automation (EDA) software. **Wuhan Qiyunfang launched two EDA products** – one for schematic capture and another for printed circuit board (PCB) design – at WeSemiBay. The EDA software market is currently dominated by foreign suppliers including Cadence Design Systems, Synopsys and Siemens EDA. China's top semiconductor design software vendors include Empyrean Technology, Primarius Technologies and Semitronix. Qiyunfang's EDA products are compatible with a wide range of domestic operating systems, databases and middleware platforms. It also claimed that the software's performance exceeded industry benchmarks by 30%, while also reducing hardware development cycles by up to 40%.

At the Expo, the **2024 China Top 10 Chip Science Progress Awards were also announced**. Several research teams from Chinese universities, including the University of Electronic Science and Technology of China, Tsinghua University, and Hunan University, were among the recipients. Jin Xianmin, Executive Editor of CHIP, a comprehensive international journal focused on chip research based in Shanghai, said that apart from the shortage of lithography machines, China has made significant progress in various areas of chip technology. He suggested that breakthroughs could be achieved through architectural innovations and new chip platforms, such as photonic chips, to leapfrog rivals.

The Expo has attracted more than 600 companies from home and abroad. Covering an exhibit area of 60,000 square meters, the Expo focused on four major exhibition zones, including wafer manufacturing, advanced packaging, IC design, and compound semiconductors, the China Daily reports.

Focus shifting from the property market boom to revitalizing aging cities

As China's decade-long property market boom cools, the focus is shifting to revitalizing aging cities. **By positioning urban renewal as a key strategy to stimulate domestic demand, Beijing is calibrating growth drivers while addressing deep-seated social needs, experts and executives said.** Investment aimed at breathing new life into dilapidated residential areas,

obsolete industrial sites, and underutilized public spaces will translate into substantial demand for various industries, increased value of existing assets, and a notable upgrade for the urban environment, they added. China's top leadership has elevated urban renewal to a systematic growth pillar during high-level meetings, prioritizing maximizing the use of existing facilities over large-scale expansion.

President Xi Jinping highlighted that China's urbanization is evolving from rapid growth to stable development, and urban development is shifting from a stage of large-scale expansion to one focused on improving the quality and efficiency of existing urban areas, during the Central Urban Work Conference in mid-July. **Over the past few decades, China has experienced the largest and fastest urbanization process in human history.** According to the National Bureau of Statistics (NBS), the urbanization rate reached 67% last year. The Ministry of Housing and Urban-Rural Development pledged in December to try to complete the renovation of aging urban residential communities built before the end of 2000 by the year 2025.

"By 2030, over 10 billion square meters of residential buildings will be more than 30 years old, and even if we only renovate 10% of that each year, that's still 1 billion square meters," said Zhao Yanjing, Professor specialized in urban economics at Xiamen University. To put this into perspective, the total new construction area nationwide last year was less than 740 million square meters, and even at the peak in 2019, it stood at some 1.67 billion square meters. Even at such a pace, the aging residential buildings would require at least a decade to address, by which time even more properties will come to the stage where reconditioning work is needed, Zhao said.

"This means that as **the real estate market shifts from a focus on constructing new houses to enhancing existing ones**, the overall market size will likely be fairly large," Zhao said. "These renewal projects will generate substantial economic activity, helping to offset the slowdown in the real estate market, while also improving the living conditions of our citizens." From 2019 to 2024, China renovated 280,000 aging residential communities, benefiting more than 120 million people. China's urban renewal initiatives have moved beyond the mere renovation of old residential communities. Abandoned factories become innovation hubs; dormant warehouses are transformed into cultural venues; and urban villages are retrofitted into affordable housing zones. "As the country moves away from a growth model centered on new construction, the ability to extract value from our existing facilities will become increasingly important," said Yang Baojun, President of the Urban Planning Society of China and former Chief Economist of the Ministry of Housing and Urban-Rural Development, the China Daily reports.

The South China Morning Post adds that **nationwide primary property sales are expected to fall 8% in 2025** and between 6% to 7% in 2026, according to Edward Chan, Director at S&P Global Ratings. This will continue to put pressure on Chinese developers, many of which are going through the challenge of delivering homes, while maintaining operations to meet their debt obligations.

Dutch government taking control of Nexperia angering China

Chinese electronic-parts supplier **Wingtech** is the latest company to face a setback amid the U.S.-China tech war, after Dutch authorities froze control of its local subsidiary in a sign of new risks for Chinese tech firms' overseas investments. **Semiconductor manufacturer Nexperia, a European unit of the Chinese tech company, is under temporary external management following an order from the Dutch Ministry of Economic Affairs**, Wingtech said in a stock exchange filing.

The rare move by local authorities was the latest example of increasing operational risks for Chinese tech companies amid intensified U.S.-China tensions, analysts said. A commentary on the Chinese website Guancha.cn said that the case was a warning shot to all Chinese businesses venturing abroad for **risks of "commercial issues being politicized"**. Some analysts said the move by the Dutch Ministry resulted from a new rule issued by the U.S. Bureau of Industry and Security, the agency responsible for export control. The rule, effective September 29, imposed new restrictions on entities which are at least 50% owned by enterprises on the Entity List or the Military End-User List – two blacklists issued by the U.S. government.

Wingtech was added to the Entity List in December 2024, meaning American companies are prohibited from exporting or transferring U.S.-origin goods, software or technology to Wingtech or its subsidiaries without a special

license. The latest rule applied the restrictions to companies owned by listed entities. In a statement on Wingtech's WeChat account, the company lashed out at the Dutch action and the claim it was taken for reasons of "national security". The company said the court ruling was an attempt by "individual members of Nexperia's foreign management" to forcibly change the company's equity structure through legal proceedings. "Essentially, they are trying to use political pressure to deprive shareholders' rights and subvert the company's legitimate governance structure," the statement said.

Founded in 2006 by Zhang Xuezheng, an industry veteran with a background in tech companies including STMicroelectronics and ZTE, **Wingtech has evolved into a key supplier to major consumer-electronics companies** including Apple. The company, based in Jiaxing in Zhejiang province, has doubled down on its semiconductor business over the past few years. In 2018, it announced the acquisition of Nexperia for USD3.6 billion, a landmark deal in China's semiconductor industry that helped turn the company into a key player in the global power-chip market. In December, weeks after it was added to the U.S. Entity List, it said it would divest its consumer-electronics contract manufacturing business by selling nine wholly-owned subsidiaries to the parent company of Luxshare Precision Industry, another Chinese Apple supplier, in a move to focus on semiconductors owing to "changes in the geopolitical environment", the South China Morning Post reports.

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