China Business Weekly

6 July 2021

法兰德斯中国商会 FCCC VCKK
FLANDERS-CHINA CHAMBER OF COMMERCE
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

FCCC/EUCBA ACTIVITIES

Webinar: Doing business in and with China after one and a half years of pandemic: an overview and preview by the Flemish Economic Representatives
7 July 2021, 09:00 – 10:15

The Flanders-China Chamber of Commerce and Flanders Investment & Trade are organizing a webinar with the Flemish Economic Representatives in China. This webinar will take place on Wednesday, July 7, 2021 from 09:00 a.m. till 10:15 a.m.

During this webinar the Flemish Economic Representatives **Marc Struyvelt** in Beijing, **Bart Boschmans** in Shanghai, **Eva Verstraelen** in Guangzhou and **Siegfried Verheijke** in the Hong Kong S.A.R. will talk about:

"Doing business in and with China after one and a half years of pandemic: an overview and preview"

Programme:

09:00 – 09:05: Introduction by **Ms Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

09:05 – 09:55: Panel discussion with the Flemish Economic Representatives:

- **Mr Marc Struyvelt**, Flemish Economic Representative in Beijing
- **Mr Bart Boschmans**, Flemish Economic Representative in Shanghai
- **Mrs Eva Verstraelen**, Flemish Economic Representative in Guangzhou
- **Mr Siegfried Verheijke**, Flemish Economic Representative in the Hong Kong S.A.R.

09:55 – 10:15: Q&A

Practical information:

Date and time: 7 July 2021, 09:00-10:15 a.m.

Location: online
Price for members: Free
Price for non-members: Free

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Webinar: "The 7 pitfalls and the 12 most common errors of public affairs" July 8, 2021, 10h00 - 11h00

The Flanders-China Chamber of Commerce in partnership with Interel Belgium is organizing a webcast on: **"The 7 pitfalls and the 12 most common errors of public affairs"**. The webcast will take place on **July 8, 2021 at 10h00**.

Making the most of Public Affairs

Considering the odds at stake and faced with an increasingly demanding ecosystem of journalists, policy makers and activists, companies continue to struggle with the challenge of advancing their interests and convincing stakeholders to take positive action.

Key issues to be addressed:

This training covers the seven most common errors witnessed in the field of public affairs campaigns, as well as the twelve main mistakes made by lobbyists and ways to overcome them. Finally, we discuss the seven personality characteristics driving the core skills of an ideal lobbyist.

Program:

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

10h05-10h45: Presentation by **Mr Karel Joos**, Partner, Interel Belgium

10h45-11h00: Q&A Session

Speakers

Mr Karel Joos
Partner, Interel Belgium
View Bio

Ms Gwenn Sonck
Executive Director,
Flanders–China Chamber
of Commerce

Practical information:

Date and time: July 8, 2021, 10h00-11h00

Location: Online

Price for members: Free

Price for non-members: Free

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Webinar: "China: Economic Perspectives in a changing world. What does this mean for Businesses?" – Meeting with HE Jan Hoogmartens, Ambassador of Belgium in the People's Republic of China – 14 July 2021, 10 – 11 am

The Flanders-China Chamber of Commerce (FCCC) is organizing an exclusive meeting with **HE Jan Hoogmartens**, Ambassador of Belgium in China on the topic of **"China: Economic Perspectives in a changing world. What does this mean for Businesses?"**. This webinar will take place on **July 14**, 2021 at **10h00**.

This event will be an excellent opportunity to introduce your companies' activities in Belgium and China to the Ambassador.

Program:

10h00-10h05: Welcome speech by **Mr. Kurt Vandeputte**, Chairman, Flanders-China Chamber of Commerce

10h05-10h30: Speech on the economic prospects and opportunities for businesses by HE **Jan Hoogmartens**, Ambassador of Belgium in the People's Republic of China

10h30-10h40: Q&A

The session is moderated by **Ms Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

Practical information:

Date and time: July 14, 2021, 10h00-10h30

Location: Online

Exclusive for Members of the Flanders-China Chamber of Commerce, price: Free

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Webinar: EU-China Forum on Innovation – July 15, 2021, 10h00 – 11h00

The EU-China Business Association is organizing a webinar to promote the **EU-China cooperation in the field of innovation** that is an important pillar of the bilateral relationship and a strategic action to support the economic recovery. The event will take place on **July 15**, 2021, at **10h00**.

The EU and China are putting in place strategies to support economic recovery as a direct responce to Covid-19. One of the ways to support economic recovery is by building stronger innovative eco-systems. But creating more innovative economies requires the implementation of more dynamic partnerships between the public, private and educational stakeholders. This webinar is looking at ways as to how China and the EU can work together to deliver more innovative economies – thus supporting more growth and better competitiveness.

Program:

10h00-10h05: Welcome speech and introduction by **Ms Gwenn Sonck**, Executive Director, EU-China Business Association;

10h05-10h10: Introductory remarks by **HE Ambassador Gabor Baranyai**, Deputy Permanent Representative of Hungary to the EU;

10h10-10h45: Panel discussion with:

- **Ms Josianne Cutajar**, MEP and Member of the Industry, Technology, Research and Energy Committee, European Parliament;
- **Mr Xu Haifeng**, Chairman, China Chamber of Commerce to the EU;
- **Mr Jochum Haakma**, Chairman EU-China Business Association (EUCBA);
- **Mr Abraham Liukang**, Chief Huawei Representative to the EU institutions, Huawei
- **Ms Sara Medina**, Member of the Board, Sociedade Portuguesa de Inovação.

10h45-11h00: Q&A session.

Practical information:

Date and time: July 15, 2021, 10h00-11h00 am

Location: Online

Price for members: Free

Price for non-members: Free

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MEMBERS' NEWS

Lingang Group develops logistics platform in Port of Zeebrugge

Flemish Minister President Jan Jambon, Kevin De Hainaut (CEO Cordeel), Ms. Jing Yang (CFO Lingang & Chairwoman Lingang Overseas), Dirk De fauw (Chairman, Board of Directors Port of Zeebrugge)

The official first stone ceremony for the 76,000 m² state-of-the-art logistics park in the Port of Zeebrugge took place on June 30. With this investment project, the Chinese Lingang Group aims to serve all players in the European import and export business, across all continents. In addition to the CSP Zeebrugge Terminal and its extensive hinterland connections, the port now has all the assets to further expand its deep-sea activities and anchor them in Zeebrugge.

The Lingang Group, a developer of industrial parks, has started the construction of a 76,000 m² logistics platform in the port of Zeebrugge. The site, which will be divided into 10 units each with 10 loading and unloading docks and turnkey office facilities, is one of the largest logistics projects in West Flanders. It will also include a 22,000 m² container yard, an access building with offices, parking space for 200 cars, a waiting area and a drop-off zone for trucks. With this investment, Lingang aims to attract and accommodate international logistics players who import goods by container to Europe or vice versa. The focus is initially on e-commerce, automotive cargo and food.

For this logistics project, Lingang will cooperate with Chinese container operator Cosco Shipping Ports (CSP). Cosco acquired the APM deep-sea container terminal in Zeebrugge in 2017 with the aim of developing it into a Northern European hub.

The group was looking for a port with sufficient capacity, good maritime accessibility, high productivity and a favourable location in relation to markets to invest in. The choice fell on Zeebrugge, because as a coastal port it has all these assets. Since the takeover, CSP has invested considerably in the terminal, resulting in a yearly growth of 30% of the deep-sea container services, putting Zeebrugge back on the international container map. The development of a logistics cluster is fully in line with the ambition to attract additional container traffic to the CSP Zeebrugge Terminal.

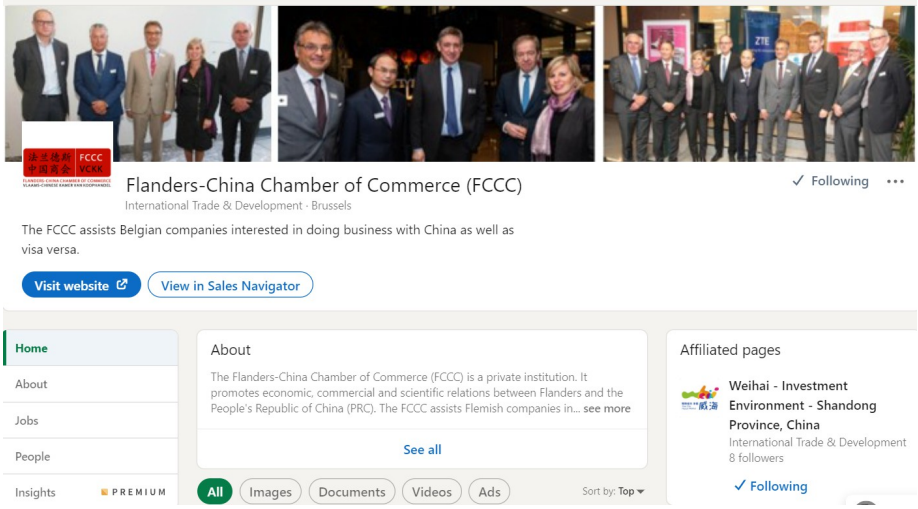
Jie Hu, CEO Lingang Overseas Belgium, Lingang Group said: “The port of Zeebrugge has many similarities with the Yangshan Deep Water Port in Shanghai, where we developed a similar logistics platform 10 years ago. Both are real gateways where such an investment can facilitate deep sea volume growth. We focus on logistics operators, but with the steep growth of ecommerce through Covid-19, we see many opportunities there as well. I would certainly also like to express my appreciation for the cooperation with Port of Zeebrugge. Despite the extra challenges in the past year due to Covid-19, we were able to work out the project in a very constructive way and are now ready to start construction.”

The laying of the foundation stone took place on June 30 and the site is expected to be completed in August 2022. In addition to this 15 ha site, Lingang has an option to develop an additional 15 ha. This will be developed in a second phase, which will also include a direct rail connection with a branch line to the warehouse.

Tom Hautekiet, CEO Port of Zeebrugge said: This investment project, which is of an unprecedented scale, is the perfect addition to the CSP deep-sea container platform and our excellent hinterland connections and will make an important contribution to the expansion and anchoring of our deep-sea services. In doing so, we will strengthen and leverage our role as a gateway for international cargo flows. It is a wonderful example of a win-win cooperation between China and Europe"

Dirk De fauw, Mayor of Bruges and Chairman of the Zeebrugge Port Authority, said: *As a coastal port,* Zeebrugge has all the capabilities to play a leading role in the field of deep-sea services. We are therefore very pleased that Lingang has chosen Zeebrugge for this major project. They manage more than 2 million m² logistics facilities of distribution zones in the Shanghai region and bring with them the know-how and experience to attract world players to Zeebrugge. I am convinced that this logistics platform will considerably strengthen our economic position, both globally and in the region"

The above is an official press release of the Port of Zeebrugge.



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RENEWABLE ENERGY

China to scrap subsidies for renewable energy

China is ready to scrap subsidies for renewable energy after years of technological advances and cost reductions, as government policies aim to both reduce the subsidy burden while maintaining a fairly stable market, analysts said. China will remove subsidies for new solar energy projects and onshore wind power projects from the central government budget in 2021 and work toward grid parity, the National Development and Reform Commission (NDRC) announced in mid-June. Effective August 1, the policies aim to promote the efficient use of resources and high-quality development of new energy industries and ensure that wind and solar projects receive relatively good returns. Luan Dong, China Renewables Analyst at Bloomberg New Energy Finance, said the government's scrapping of subsidies for wind and solar projects this year is within expectations, as costs for onshore wind and solar projects have been rapidly decreasing in recent years, paving the way for electricity derived from solar and wind to be sold to the grid at the same price as coal-fired power.

"Beginning with the turn of the decade, government subsidies resulted in significant cost reductions for wind and solar plays, and we estimate generating costs for those technologies declined by 60% and 80%, respectively, since 2014 in China," Luan said. "Now they are close, if not below, the cost of new coal-fired power in most regions. By and large, we believe new wind and solar projects can be viable without subsidies and state-owned developers will play a major role in driving market growth," Luan said. But he added that two questions remain. Will policymakers keep mandating price cuts in regulated tariffs for new projects? And will the volume of discounted liberalized power sales increase?

The NDRC's new policy also follows a drastic fall in manufacturing costs for solar and wind facilities amid booming renewable capacity in China. The Commission also encourages local governments to roll out policies to support the sustainable and healthy development of renewable energy industries, and electricity prices for the newly approved offshore wind and solar power projects will be decided by the pricing authorities of provincial-level regions where said facilities are located, starting this year, it said. Under current benchmark prices for coal-fired power generation, onshore wind and solar projects are estimated to be able to achieve internal return rates of 8% to 9%. Leon Chuang, Global Marketing Director at solar module manufacturer Risen Energy, said the advance of solar technology and cost reductions have further facilitated grid parity of clean energy and pushed forward rapid development of the sector.

Qian Jing, Vice President of module maker JinkoSolar, said the policies mark the era wherein **wind and solar power finally enter the subsidy-free age**. Grid parity can also allow solar companies to compete on a level playing field and let the market select winners and weed out inefficient players, she added. Qian said she believes that a subsidy-free era will bring about policy innovation, improved business models and enhanced financial products, thus resulting in a new power system with renewable energy as a principal player. Yang Liyou, General Manager of Jinergy, said grid parity within solar power generation means the country's solar industry has entered a market-oriented era from a policy-oriented one, while renewable energy can also play a vital role in the country's pledge to achieve carbon neutrality by 2060. Shu Yinbiao, Chairman of China Huaneng Group Co, said the photovoltaic industry, which is expected to play a key role in the rapid development of renewable energy during the 14th Five Year Plan period (2021-25), is ready to embrace the era of grid parity.

Subsidies for onshore wind and solar power projects date back to 2009, when subsidy incentives drove rapid development of the country's installed new energy capacity. However, the generous subsidies allocated over the past few years weighed on central government finances and led to an increasing subsidy gap. Starting in 2016, China began withdrawing subsidies for solar and onshore wind projects, thus preparing the renewable energy sector for a subsidy-free era. In 2019, China's National Energy Administration (NEA), determined to achieve grid parity and released its final guidance on wind power prices for existing and new projects in which new onshore projects permitted after January 1 must be subsidy-free. Before that, developers needed to bid in provincial-level auctions to receive wind power tariffs above the regulated coal-fired tariff level. Considering the impact of the coronavirus outbreak on business operations, the authority had extended the application period for the auction to mid-June. By the end of 2020, total installed capacity of wind and solar power reached 530 million kilowatts, ranking top worldwide, the China Daily reports.

HEALTH

China achieves vaccination target, extends vaccination to minors

June 30 was the deadline for China to reach its goal of vaccinating about 40% of its targeted population, and authorities in several provinces said they had achieved the goal in advance, including Heilongjiang, Hunan and Guangxi. This does not mean that all those people have already received two doses. In total, China had administered about 1.23 billion doses of Covid-19 vaccines as of June 29, according to the National Health Commission (NHC), nearly half of the 3 billion doses administered globally. But the NHC did not reveal how many people were fully vaccinated. Feng Duojia, President of the China Vaccine Industry Association, said it would be possible for China to achieve its 2021 goal of vaccinating 70% of its population. The key in the second half of this year is to ensure as many people as possible get fully vaccinated, he said.

China has opened vaccination to minors as of July 1 in order to help build herd immunity. The world's first report of the immunogenicity and safety of a Covid-19 vaccine tested in minors aged 3 to 17 has been published. The vaccine, CoronaVac, is developed by Chinese producer Sinovac. "CoronaVac is well-tolerated in children and adolescents aged 3-17 years, and induces a strong immune response, which is very encouraging. We will carry out further large-scale, multi-ethnic population studies in order to provide valuable data for immunization strategies

for children and adolescents," Gao Qiang, General Manager of Sinovac, said. The trial results were published in The Lancet Infectious Diseases journal. Given the large population in China and the threat of the delta variant, China's top epidemiologist Zhong Nanshan estimated that it will require at least 80% of the Chinese people to be vaccinated to reach herd immunity.

China is researching and developing 71 vaccines against Covid-19 and they are effective against the delta strain, Zhong Nanshan said, making China the country with the largest number of vaccines undergoing research, experts said. Nine of the 71 vaccines have already been put into use. Two were granted World Health Organization (WHO) emergency use, Zhong said as he addressed a graduation ceremony at the Shanghai Tech University. Speaking of the opening of borders, Zhong said as long as the epidemic in one place is not completely under control, the fate of the world is still at stake. We need the joint effort of the whole world to fully control the pandemic.

Ruili, a city in Yunnan province bordering Myanmar, has restricted people's movements after reporting three new locally transmitted Covid-19 cases on July 4. No one has been allowed to enter or leave Ruili without good cause since 8 am on July 5. All residents in the district of Jiegao, where the cases have been detected, have been quarantined at home and their health conditions will be monitored every day. The Jiegao Bridge, which leads to Jiegao port on the China-Myanmar border, has been closed.

This overview is based on reporting by the China Daily, Shanghai Daily and Global Times.

STOCK MARKETS

More than 60% of listed companies expect improved earnings

About 67% of the 599 Chinese mainland-listed companies that have released first-half estimates expect improved earnings, including 172 companies that estimated a surge of more than 100% in net profits. Another 76 said first-half net profits had risen 50% to 100%. Companies that said their earnings had probably doubled mainly fell into the categories of chemicals, mechanical equipment and electronics. In-vitro diagnostic instrument maker Beijing Hotgen Biotech has topped the earnings rankings thus far. Its filing with the Shanghai Stock Exchange disclosed that its first-half net profits skyrocketed by as much as 81,808% to reach CNY1.6 billion. Chipmakers, mostly traded on the STAR Market in Shanghai and the ChiNext board in Shenzhen, also reported profit increases. Shares of Shenzhen Sunmoon Microelectronics surged another 20% on July 1 after hitting the 20% daily limit the previous day. The integrated circuit design and packaging test company estimated that its first-half net profit soared 936% year-on-year.

In the first half, the tech-heavy ChiNext index recorded a 17.22% rally, rendering it the best-performing A-share index and the fourth best-performing globally. Companies engaged in bulk commodity and basic raw materials may surge in the second half because the economy will likely fully recover, and those that just begin to recover will continue to drive China's exports, Cao Heping, Professor of Economics at Peking University in Beijing, told the Global Times, noting that the consumption sector will continue to fire up GDP. "The sound performance of these sectors reflects an efficient and stable economic recovery in the first half, with the two-year average almost back at the pre-Covid-19 level," Dong Dengxin, Director of the Finance and Securities Institute of Wuhan University, said. With the new delisting rules which took effect on July 1, A-share companies with a market capitalization lower than CNY300 million for 20 consecutive trading days will be forced out of the market.

In all, 248 companies listed in the A-share market in the first six months, up 110% year-on-year, raising CNY 212.7 billion, up 53% year-on-year, according to KPMG. The IPO surge confirmed the importance of the Nasdaq-like STAR Market of the Shanghai bourse and the ChiNext of the Shenzhen Stock Exchange. Around 175 companies went public on the two technology-heavy boards over the past six months, raising CNY125.3 billion. Of the 10 largest IPOs in the first half, six were on the STAR Market or the ChiNext. Industrial-scale manufacturers, technology, media and telecom (TMT) companies, and consumption firms were among those that raised the biggest amounts from their IPOs. KPMG analysts said the advance of the digital economy and high-end manufacturing will encourage more TMT and industrial firms to consider listing in China.

The American depository receipts (ADRs) of ride hailing firm Didi Global ended their first trading day on the New York Stock Exchange 1% higher at USD14.14, giving the company a market value of about USD68 billion. The Beijing-based company raised USD4.4 billion from its IPO of about 317 million ADRs, or about 10% more than originally planned, making it the second-largest U.S. listing by a Chinese company on record, after Alibaba Group Holding. But experts said the listing size is lower than what

some people had expected, suggesting the company may have faced some challenges. Didi has a dominant presence in China's ride-hailing market, but it faces risks such as stricter regulations and intensifying competition. Didi is now under review by the Cybersecurity Administration of China (CAC) and its app has been temporarily removed from app stores (see story below).

Didi's revenue more than doubled to CNY42.2 billion in the first three months of this year, up from CNY20.5 billion a year earlier. It also reported a profit of USD95 million in the period. Didi, which was founded in 2012, said in its IPO prospectus that it has 493 million annual active customers, and 41 million average daily transactions. It began expanding internationally in 2018, and the company now operates in 14 countries outside of China, including Brazil and Mexico. Didi said it will invest approximately 30% of the proceeds raised from the IPO to boost its technological capabilities, including shared mobility, electric vehicles and autonomous driving technologies. Another 30% will be used to raise its presence in international markets, and 20% in introducing new products and expanding existing offerings for consumers. This year, like Didi, 28 other Chinese firms launched U.S. IPOs, raising USD7.6 billion in the first six months, according to Refinitiv.

The World Bank projected in its latest report that China's GDP growth will reach 8.5% this year before slowing to 5.4% in 2022, as low base effects dissipate. "Improved consumer and business confidence and better labor market conditions will support a shift toward private domestic demand from public investment and exports. On the supply side, the drivers of economic growth are expected to gradually transition from industrial production toward services," according to the World Bank report.

Foreign Ministry Spokesperson Wang Wenbin added that in the first five months of the year, China's GDP posted a steady expansion while the country's actual use of foreign investment hit CNY481 billion, an increase of 35.4% year-on-year. Meanwhile, the country's non-financial outbound direct investment (ODI) grew 2.6% to USD43.29 billion while its total trade reached an all-time high of CNY14.76 trillion. China will unswervingly expand its comprehensive opening-up and make the Chinese market a globalized one for everyone to share, Wang said, as reported by the Global Times.

This overview is based on reporting by the China Daily, Shanghai Daily and Global Times.

CHINA NEWS ROUND-UP

President Xi declares goal of building a moderately prosperous society achieved

As the Communist Party of China (CPC) celebrated its centennial on July 1, President and CPC General Secretary **Xi Jinping declared** in a speech on top of the Tiananmen Gate **that the goal of building a *xiaokang* or moderately prosperous society had been achieved**.

Earlier this year, on February 25, President Xi had declared that China had eradicated absolute poverty, lifting 853 million people out of poverty since 1981. Three out of four people lifted out of poverty live in China according to the World Bank. UN Secretary General Antonio Guterres called it "the greatest anti-poverty achievement in history."

According to the Global Times, there is no dispute over China's economic success on a global scale. Since 1978, China's GDP growth averaged over 9.2% annually for 42 years. That outstrips a 6.6% annual growth for 15 years in Germany during a period known as the Miracle on the Rhine starting in 1951, or an 8.8% annual growth for 36 years in South Korea's Miracle on the Han River. Japan maintained a higher 9.3% annual growth during the "Japanese economic miracle", but only for 23 years.

Since 1978, China's household consumption has increased by 1,800%, leading to a marked improvement in everyday life. By 2025, China will become a "high-income economy" by World Bank standards, which means that in a single lifetime of 75 years China has changed from one of the poorest countries of the world into a high-income one.

App stores ordered to kick out Didi ride-hailing app

The Cyberspace Administration of China (CAC) on July 4 ordered app stores to remove China's most widely used ride-hailing **app of Didi Chuxing**, which it accused of "serious violations of law and regulation" in the collection and use of personal information. The move came only two days after the CAC put Didi under review and four days after it launched a large IPO on the New York Stock Exchange (NYSE). Analysts say it shows that Chinese regulators are determined to crack down on illegal activities by online platforms and enhance the protection of data security, according to the Global Times. The CAC further announced that **as long as Didi is under review, the registration of new users would be suspended** "to prevent the expansion of risks". Didi replied it would strictly comply with the requirements and make improvements to secure its services.

As the Didi app is being removed from app stores, new users cannot register, but users who have already downloaded the app can still use it. On June 30 Didi raised USD4.4 billion in its IPO on the New York Stock Exchange

(NYSE). Its shares ended up 1% on their first trading day before soaring nearly 16% on July 1. But after the cybersecurity review announcement, shares plunged as much as nearly 11% before finishing down 5.3% on July 2. Investors in Didi's U.S. shares were apparently caught off guard by the review, and the company might be the target of a class action lawsuit. Hao Junbo, Chief Lawyer at the HAO Law Firm in Beijing, told the Global Times that some of Didi's investors have reached out to his law firm and are considering participating in a class action suit to seek compensation.

Dong Shaopeng, Senior Research Fellow at the Chongyang Institute for Financial Studies at Renmin University of China, called for delisting Didi's newly floated shares as the company manages large amounts of data on the national transport infrastructure, and flows of people and vehicles, that involve national security, according to Dong. Didi's global annual active users for the 12 months to March 31 stood at 493 million, according to the company, the Global Times reports.

On July 5, the Cyberspace Administration launched reviews of three other technology companies: the two newly-listed truck-hailing service providers Yunmanman and Houchebang, and online recruiting platform Boss Zhipin. The CAC listed as reasons for the review the prevention of data security risks and the protection of national security. Yunmanman and Houchebang under Full Truck Alliance raised about USD1 billion in June, while Beijing-based Kanzhun, the company behind Boss Zhipin, raised USD912 million in its U.S. IPO last month. The CAC ordered the three companies to stop registering new users, the South China Morning Post adds. Cybersecurity regulators are also worried that Chinese companies listed in the U.S. may be forced by U.S. authorities to hand over data. Tech Analyst Liu Dingding said that Chinese firms that intend to list in the U.S. should think twice amid the tense environment, and seriously consider plans of a secondary listing in the home market. Didi denied rumors it handed over Chinese users' data to the U.S. after the U.S. listing.

Chinese carmakers aim for NEV top spot

Chinese auto executives hope to take the market lead over their foreign rivals as gasoline vehicles are replaced by electric and intelligent ones. There were 5.8 million new energy vehicles (NEVs) on Chinese streets by the end of May, which is roughly half of the global total, according to the China Association of Automobile Manufacturers (CAAM). In May, NEVs accounted for around 10% of new car sales in the country, and 15% of new cars sold in that month had advanced driving-assist functions. “We are leading in terms of new energy vehicles and smart vehicles,” said Great Wall Motors Chairman Wei Jianjun when the carmaker revealed its ambition for 2025. The company, which is celebrating its 31st anniversary this year, estimates 80% of its sales in 2025 will be new energy vehicles, and 40% of the cars to be sold that year will have highly autonomous driving functions. The private carmaker is earmarking CNY100 billion to achieve its goals and plans to triple the number of software engineers in two years to around 10,000.

Zu Sijie, Chief Engineer of China’s largest carmaker SAIC Motor, said Chinese carmakers are on a par with international ones in terms of electric cars and they stand a chance to be the leader when it comes to smart vehicles. “Smart vehicles will be based on local environments and local data, and obviously Chinese companies have a better understanding of them,” Zu said. SAIC has revealed its goal to become a technology company focused on smart and electric vehicles, for which it has earmarked a budget of CNY300 billion by 2025. Zu said international companies took the lead in introducing the latest technology through local auto joint ventures. But **Chinese companies will have an advantage as vehicles are getting smart, connected and autonomous**. Li Jun, CEO of SAIC subsidiary Z-One, said the company has finished developing an electronic vehicle platform capable of Level 3 functions. A platform capable of Level 4 functions will be unveiled in 2023. Z-One has also launched a digital system similar to Google’s Android, allowing software developers to code and release carbased applications in an app store. Car owners would be able to download and install them in their vehicles, thus tailoring their vehicles to their own tastes.

Nio, a Chinese electric car startup listed in New York, sold more than 42,000 vehicles in the first half of the year. William Li, who established Nio in 2015, said China is the perfect place to make smart electric cars. “We have all the things needed, be it software, mobile internet or digitalization, and more importantly, the Chinese government has a clear ambition in terms of electrification and decarbonization,” he said. Fu Bingfeng, Executive Vice President and Secretary General of the China Association of Automobile Manufacturers, estimates that annual sales of new energy vehicles will grow at more than 40% year-on-year over the next five years. In the first five months, 950,000 NEVs were sold in China, up 220% from the same period last year, he China Daily reports.

Meanwhile, Swedish automaker Volvo unveiled its electric Recharge concept to achieve complete electrification. Volvo said that its next-generation electric cars will focus on improving range and charging speed to extend its range between charges to 1,000 km and halve charging time.

EU Ambassador urges China to bridge “trust deficit” to revive the CAI

EU Ambassador to China Nicolas Chapuis called on China to bridge the “trust deficit” to revive the Comprehensive Agreement on Investment (CAI). The signing and ratification of the CAI was suspended by the EU after China imposed sanctions on Members of the EU Parliament following the EU imposing sanctions on Chinese leaders involved in so-called violations of human rights in Xinjiang. At a forum in Beijing on July 4, European diplomats expressed their unease with China’s wolf warrior diplomacy and what they allege are human rights violations in Xinjiang. Chinese academics also criticized Europe for blindly following the U.S. lead in containing China.

Ambassador Nicolas Chapuis said Beijing’s defensive attitude towards outside criticism and its claims that the Chinese system was “superior” to that of the West

prompted Europeans to ask whether China was challenging the political foundation of its relationship with liberal democracies, the South China Morning Post reports. “Over the last 18 months, it is true the political space for mutual understanding and mutual trust has been negatively impacted,” Chapuis said during a panel session at the World Peace Forum at Tsinghua University in Beijing. “It brings to us concerns that these attitudes are not only assertive but it’s turning too aggressive, much to our dislike,” he added.

Also on the panel, Luca Ferrari, Italy’s Ambassador to China, said that “the growing distrust towards China has little to do with ideology and race. It has more to do with the economy, the epidemic and wolf warrior diplomacy.” Beijing has insisted that it has the right to hit back against Western sanctions, and has repeatedly warned that it will not tolerate interference in its internal affairs. Zhou Hong, a specialist on China-EU relations with the Chinese Academy of Social Sciences (CASS), said the EU had focused so much on its differences with China that it had resulted in the suspension of an agreement that took seven years to negotiate. “As a Chinese I have difficulty understanding the definition of ‘systemic rivalry’,” Zhou said at the session. “We know we are from different systems. We managed to learn from each other to coexist peacefully and help each other. But I don’t understand why all of a sudden the difference of our social systems has become a big problem.” Jiang Shixue, former Deputy Director of the Institute of European Studies at the Chinese Academy of Social Sciences, went so far as to suggest that Europe was being ungrateful towards Chinese investment, and simply followed the U.S. “When will the EU have its own independent foreign policy not like the copy cat of the U.S.?” Jiang asked.

Ambassador Chapuis said both sides needed to keep the channels of communication open and called on Beijing to review its sanctions on European lawmakers. “Political differences are obvious. But for the last 40 years we have managed to overcome, so why not now? Can’t we overcome the trust deficit?” Chapuis added that even though European negotiators considered the CAI to be a “good deal”, Brussels was “squeezed” by the Chinese countermeasures and **it was up to China to create “political space” for reviving the deal**, the South China Morning Post reports.

In a video conference with Chinese President Xi Jinping and German Chancellor Angela Merkel, French President Emmanuel Macron said that France supports the signing of the EU-China investment deal and welcomes more Chinese companies to invest in the country.

Use of the digital yuan expanding

Chinese economists said that the use of the digital yuan won't bring fundamental changes to global finance, although it may lead to reducing the dominance of the U.S. dollar. **Since June 30, subway passengers in Beijing are allowed to use digital yuan to pay for their fares**, one day after a subway line in Suzhou city began accepting digital yuan. Users need to download a mobile app and link it with an Industrial and Commercial Bank of China (ICBC) bank account that has a digital RMB balance to access the service in subways.

These are the latest trials rolled out by the Chinese government to apply digital yuan to real-life scenarios, including issuing digital yuan “red packets” to city residents and testing the currency's usage at some vending machines. Liu Dian, Associate Research Fellow at the Chongyang Institute of Renmin University of China, said that the use of the digital yuan will expand from sporadic retail scenarios to broader applications, including cross-border payments. “For example, the digital yuan will be used in large-scale cross-border payments for the first time during the 2022 Beijing Winter Olympics,” Liu told the Global Times. According to e-commerce firm JD, between December 11 and June 18, up to 450,000 users spent more than CNY100 million in digital form on its platform, the China Daily adds.

Many countries are worried that their currencies' international role could weaken amid the rise of foreign digital currencies. European Central Bank Governing Council Member Francois Villeroy de Galhau said that China's rapid progress in developing the digital yuan poses a risk to the euro's monetary sovereignty. He urged European policymakers to accelerate their own digital currency plans. China has taken the lead in developing a digital currency, given the country's rapid development of informatization industries such as 5G, e-commerce and social network platforms that provide a myriad of application scenarios. But the country still needs to do more research on digital currency technologies to reinforce its advantages. However, experts don't expect any digital currency to significantly change the global financial system any time soon.

Experts stressed that the rise of digital currencies would diversify the global currency system, as many small economies want to shake off reliance on the U.S. dollar with the help of new technical methods, such as currency digitalization. “I believe that the world's financial system will become more pluralistic, and settlement of currencies will become more varied, with reforms not just for the yuan but also the euro and yen,” Wang Peng, Assistant Professor at the Gaoling School of Artificial Intelligence of Renmin University of China, told the Global Times. Wang Jiaojiao, Director of the Trade Development Department under the Alliance of Belt and Road Business Schools, told the Global Times that the digital yuan could weaken the U.S. dollar's role in global currency settlements but would not totally replace the U.S. dollar's dominant role in the foreseeable future.

E-commerce company JD reports record sales

Beijing-headquartered e-commerce company JD reported a new sales record during the mid-year shopping festival from June 1-18, which exceeded CNY343.8 billion. Mobile phones, air conditioners, laptops, refrigerators and flat-panel televisions were among the highest-value categories. Biscuits and cakes, milk and dairy products, tissue paper, condiments and snacks were among the most sold products. Beijing ranked second among the provincial-level regions on the Chinese mainland in terms of residents’ purchasing power. The turnover made on June 18 alone represented around a 30% increase compared with the same day of 2020. During the shopping spree, electronic appliances were a favorite among Beijing residents. During the three-day

Dragon Boat Festival holiday in June, 100 key enterprises running grocery stores, supermarkets, specialty stores, restaurants, e-commerce and other businesses in Beijing achieved sales of CNY3.15 billion, up 30% year-on-year, according to the Beijing Commerce Bureau.

During this year's Dragon Boat Festival holiday, activities launched by various shopping malls catered to the needs of parents, children and young customers. Mobile payment service provider UnionPay's data show that the number of consumers at night increased by 21.3% year-on-year. The visitor flow at Yandai Xiejie, Wudaokou, Xizhimen, Taiyanggong, Dashilar and other key commercial areas in Beijing increased by more than 40% year-on-year. The 2021 Beijing consumption season started on April 28 and more than 500 activities to encourage travel and shopping have been organized. Online shopping platforms such as JD, Suning, Gome and Meituan have all issued shopping coupons. JD handed out consumption vouchers totaling more than CNY100 million to Beijing residents in batches from May 31, offering exclusive discounts, the China Daily reports.

China plans to create 1,000 "industry champions"

Six Chinese ministries jointly issued a guideline saying that by 2025, the nation aims to develop 10,000 "little giant" enterprises that specialize in niche sectors and 1,000 enterprises that are champions in a single industry, as well as groups of leading companies. Industry observers said that the guideline underscores China's strategic policy shift in the next five years to focus on breakthroughs in specific and critical sectors and supply chains where the country may be vulnerable amid a spiraling technology war between China and the U.S.

Preserving a large, complete domestic manufacturing sector could remain a key in the overall blueprint, but China will also widen its effort in building homegrown "hidden champions" small and medium-sized enterprises (SMEs) that dominate major markets in niche sectors to close the gaps with the U.S., Japan and Germany in advanced manufacturing. Among the six ministries were the Ministry of Industry and Information Technology (MIIT), the Ministry of Science and Technology (MST), the Ministry of Finance, and the Ministry of Commerce (MOFCOM). They proposed setting up a mechanism to guide specialized SMEs to grow into "small giant" companies in key sectors of the domestic market and champions in the international market. Large groups will also be guided to become globally competitive leaders. Other measures in the guideline include improving the capacity for independent innovation, facilitating the modernization of industry and supply chains, and improving financing and talent building policies.

"This is a lesson that we learned from the U.S.' crackdown against China's technology rise. In the 13th Five-year Plan (2016-20) period, we prioritized market scale and industry output, but the heated technology war between China and the U.S. exposed the risks of lacking 'hidden champions' in bottlenecked industries," Tian Yun, Vice Director of the Beijing Economic Operation Association, told the Global Times. Analysts said that the "hidden champions" – exemplified by the Netherlands-based lithography equipment maker ASML – are of strategic importance to the new round of global manufacturing competition.

JOB OFFER

Aprojects Shanghai office – Job offer Commercial assistant (inside sales)

Position: Commercial assistant (inside sales)

Main tasks: Assist in developing new accounts in industrial projects. Can handle inquiries/quotations independently (airfreight / railway / road / sea freight)

Develop relationship with clients and suppliers

Travel within Shanghai / China for client meetings

Place of work: Hutai Road No. 1111, Jingan district, Shanghai, China

Plus: Have own clients and suppliers/subcontractors

Plus: Have own car

Salary: Depends on how much extra business they can generate / to be discussed

Skills required

Education: min. bachelor degree

Language skils: Mandarin and English both written and spoken since will have to cooperate with our headquarters/branch offices overseas as well

IT: Microsoft office

Experience: min. 3-5 years in logistics in similar position

Experience in shipping project cargo / breakbulk cargo / logistics (sea/air/rail/road)

Knowledge of incoterms

Knowledge of import/export

Personal skills: Self driven, relationship builder, persuasive, finisher, empathy, flexibility, honesty

Below based on market rates:

1. 3~5 years in logistics industry, college degree or above, market salary 6-8k, expected salary 8-10k (no English requirement)

2. 3~5 years in property industry, bachelor degree or above, market salary 8-12k, expected salary 10-15k (good English)

Contact person: Angela WANG Angela.wang@aprojects

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