China Business Weekly

13 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: "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:

- **Dr. George Tzogopoulos**, EU-China Advisor to the European Council on Foreign Relations
- **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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Webinar: "Intellectual Property Systems: A comparison between the EU and China" August 18, 2021, 4:30 pm – 5:30 pm CST

The Flanders-China Chamber of Commerce and the **China IPR SME Helpdesk** are organizing a webinar on **"Intellectual Property Systems: A comparison between the EU and China".** This webinar will take place on **Wednesday August 18 from 10:30 to 11:30 am CEST.**

There are significant differences between IP systems in the EU and China. During the webinar, the China IP SME Helpdesk's Team Leader and IP expert Simon Cheetham will give an overview of the most important similarities and differences between the two systems, helping EU SMEs to better understand how they need to prepare before entering the Chinese market.

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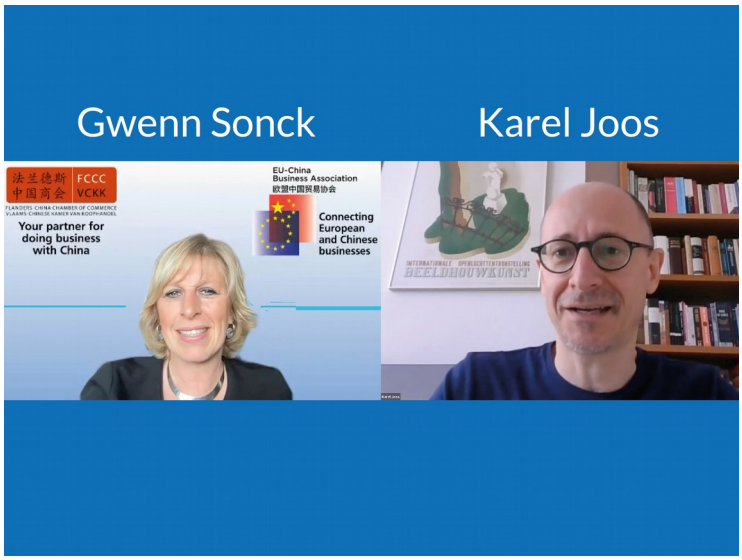
PAST EVENTS

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



The Flanders-China Chamber of Commerce in partnership with Interel Belgium and with the support of Flanders Investment and Trade organized a webcast on **"The 7 pitfalls and the 12 most common errors of public affairs"** on **July 8, 2021**.

Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, welcomed the participants and gave a brief introduction of the current state of EU-China investments. In the first quarter of this year, EU investments in China increased by 50% compared to last year, reaching USD2.35 billion. Investments mainly came from the automotive, basic materials and the healthcare sector. The value of completed Chinese investments in the EU for the first quarter dropped to USD500 million. The top sectors of Chinese investments were automotive, transport, infrastructure and IT. According to the IMF China's growth will be 8.2% this year, the highest in 10 years.

Mr Karel Joos, Partner, Interel Belgium, wrote a book in 2017 on public affairs and lobbying available as "Lobbyen" in Dutch and "Lobbying" in French. When lobbying in a public affairs campaign, there are considerable odds at stake, while there is this incredibly demanding eco-system of journalists, policymakers and activists. It makes companies struggle with advancing their interests and persuading stakeholders to take positive action. A lot of things can go wrong especially about government and politicians. Mistakes can prove to be costly because you don't get many second chances.

Mr Joos listed seven of the common errors, pitfalls or vices. Making these errors would lead to failure at worst or disappointment at best.

1. **Tardiness: too late is almost always too little.** Lobbying is about shaping the political agenda and decision making. This is much easier when the agenda is still malleable. Having to reconsider – for any human being but especially for a policy maker – is much harder than being open to debate. If your campaign is kicking in too late, you will be confronted with doors already closed and even worse, minds already made up. Many people are talking about a public affairs campaign as opening doors, which is only half the truth, but still, doors have to be opened. If you are late they might be locked. A timely outreach could even win the day without a fight. Lobbying is not about pushing and fighting, but winning without having to go to war. When are you on time, and when are you too late, is a question that is sometimes difficult to answer. It is one of the most important questions: it is better to start too early than too late.
2. **Tediousness: the best story always wins.** Many companies fail at making their narrative memorable and lasting. The challenge is to create mindshare through a compelling and resonating story which connects logic with emotion. Only then will your audience – and political decision makers – be moved and do something. You don't have to bring them to tears, but you have to incentivize them to take positive action. If they are moved, they will ask for more and share your story among colleagues and contacts. Don't only speak to the head but to the heart as well, because policy makers are human beings and politics is also about emotion. If you only talk about facts and figures, especially for multinational companies, then chances are you will not move your audience. Try to be memorable and lasting and don't only talk about reducing costs and increasing your profit margin. Many companies fail to interest policy makers. Be interesting, which is not the same as being the hero of the story.
3. **Indistinctness: public affairs is not about the people you know but about knowledge you have.** The idea that knowing people opens doors is close to nonsense. It is the case, the issue, the topic, which will be opening the door. Getting a meeting with a high-ranking policy maker is useless if one does not have a case which is politically relevant. Any company will be heard if its message is the right one at the right time for the right person. Otherwise, it will only be listened to out of politeness – or not at all. Even if you can call the Prime Minister but you don't have anything politically relevant, he won't be answering the second or third call. If there is no business case for lobbying, then do something else and don't waste time and money on it.
4. **Self-centeredness: politics is a game of power while business is a game of profit.** The idea that the Prime Minister is the CEO of Belgium and the government the Board of Directors is also close to nonsense because they are playing a completely different game. Companies who try to make policy makers act and think like business people will never reach their goal. Their games are as different as handball and volleyball or a cow and a horse. Any solution to a public affairs issue will have to be supported by both sides of the deal and will need to serve a common interest acceptable to public opinion. Because the public will ask the politician whether he is only serving the interests of the private sector. There will only be a solution if the private and public sector paradigms are respected. This is not weak, it is smart. Don't push your interests down the throat of a politician because it won't work and you will make things worse. Don't start a war until you are certain to win it.
5. **Suggestibleness: interest and influence are not the same when analyzing stakeholders.** Stakeholder behavior is easily misread. It is not because some people are very vocal about a certain topic that they will have an important and relevant stake in the decision to be made – and this goes for friends and foes alike. You need to analyze the interconnections between key players to have a view on the eco-system of influence. Who is listening to whom and are the big mouths really influential? What is a stakeholder's interest in your campaign and his or her influence on the outcome? This analysis has to be made beforehand to better understand the game you are playing and the theater you find yourself in. A lobby campaign is a narrative competition.
6. **Feebleness: unity is strength.** Multinational corporations are strictly organized, and for a reason. But for public affairs campaigns to exert a significant impact, an internal cross-functional working group should build and drive the effort, with a buy-in across the board. As such, commercial, technical, regulatory, marketing and communications aspects will be included in the discussions. This group should further coordinate all initiatives to external stakeholders, from a content, channel and timing point of view. The most successful campaigns

are those where internally you are coordinating across the board because you assemble all the energy and put it into your public affairs campaign. To the outside world you speak as one.

7. **Oneness: two can accomplish more than twice as much as one.** Why fight alone if you can find allies to help you? Mobilizing support can be one of the most effective strategies in public affairs. The pooling of reputation, resources, talent and strategy can foster an impressive campaign to influence policy decisions. But coalitions are hard work and in order to succeed they need trust, leadership and a give-get ratio acknowledged and understood by all members. In Belgium we have a very diverse and extensive landscape of sector federations. Use them as much as you can. The leverage you can create through your sector federation is not to be underestimated.

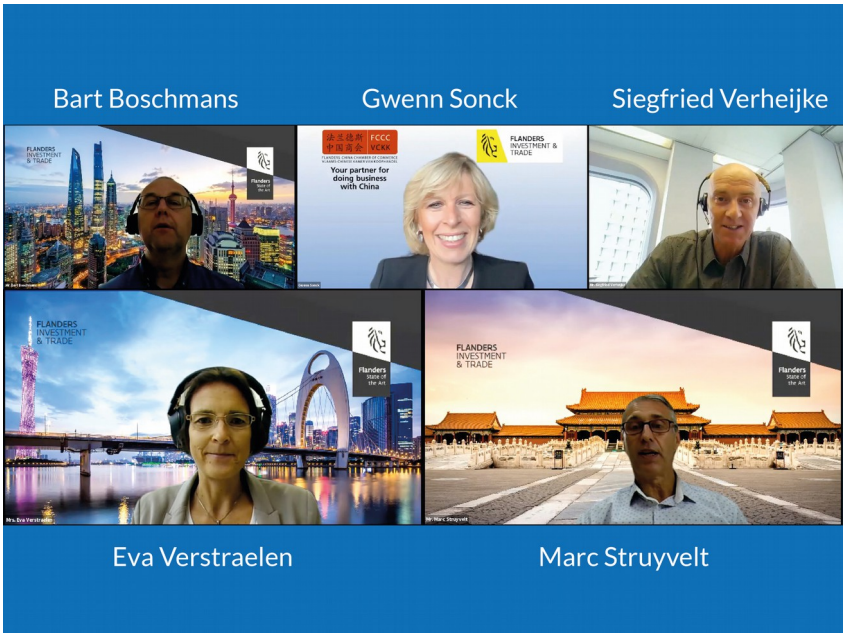
Next, Mr Joos turned to the damaging dozen, the twelve common mistakes made by lobbyists.

1. **Not reading between the lines.** Governments in Belgium are always a coalition of several parties. When negotiating legislation politicians have a habit of making agreements sentence by sentence. As every word has its meaning, simply reading what is written is most likely to produce an incomplete picture of the political reality. You will need intelligence gathering to understand what is written between the lines and what was the story before the decision was made.
2. **Doing something when doing nothing is better.** In politics, doing nothing can be extremely intelligent. And yet many lobbyists are afraid of the void and would rather do anything at all (which could prove to be detrimental) than simply prepare for a new political momentum. It is a challenge, because you want to fight for your interests and be active but when the political momentum is not right, why push for it? Some things take time, you have to be patient.
3. **Not knowing what persistence really means.** Politicians are quite capable of grasping the relevance and urgency of an issue. They really can do without repeated interventions about the same topic. Sooner or later, undue pressure on policy makers will backfire in ways many lobbyists cannot even imagine. Don't push politicians to do something they are not ready to do.
4. **Not balancing persistence with patience.** Lobbying is all about perseverance, which in turn is composed of persistence and patience – in equal measure. Politicians can evolve very slowly for a long time but never forget that things can switch to the speed of light in a single day.
5. **Ignoring the lesser gods.** Of course, only the top brass make the big decisions. But downstream they are surrounded by a fine-grained ecosystem of people who prepare advice and sometimes have more influence than meets the eye. The problem in Belgium is that the average level of policy advisers is not necessarily increasing. If you are confronted with a policy adviser who lacks competence you might have a problem because you have to get your message across.
6. **Not telling the truth and thinking you can get away with it.** In lobbying, coloring the truth or downright lying is by far the most dangerous tactic to use. Policy makers may be fooled some of the time, but certainly not all of the time. The day of reckoning will come and it will destroy the campaign and the corporate reputation completely. Be very careful about hiding part of the truth or coloring it too much. Trying to blackmail policymakers is a dangerous game. In future they will take it into account.
7. **Making poor background checks.** Convincing policy makers of your interest is also about human interaction. Even more so when a solution needs to be found through negotiations. Being successful will be much easier if one knows the opposite side better than one's own self. Assemble as much intelligence as you can. Understanding the people on the other side of the table will be valuable information. Gathering information has gotten more complex however with the GDPR regulation.
8. **Acting without coverage by the higher level.** Having a voluntarist state of mind is not an advantage for a lobbyist. It might result in engaging in conversations and even negotiations with policymakers without coverage on the content of those who have responsibility for managing the campaign. If a deal is close and you don't have coverage from headquarters, you might get into trouble. When things move fast there might not be time to ask for permission.
9. **Thinking a compromise is a defeat.** Politicians are professional deal makers used to the fact that in all things political, the winner never takes it all. Trying to leave them empty-handed will never yield a solution, even if they are completely wrong and the lobbyist is completely right. If you expose the Minister publicly that he is wrong, you will bear the consequences later on. It is better to make a deal and preserve the quality of the relationship.
10. **Coming out of the gates storming.** Do not start a war without being certain you are going to win it. Lobbyists who aggressively try to advance in a campaign will end up in misery as policy makers have far more instruments to embark on in an endless guerrilla war – time for example will be mainly on their side. In politics, they wait till the very last moment to make a decision, when there is no other option. On the other hand, if time is on your side, then you are the master of the game, but again the winner never takes it all.
11. **Sending the wrong messenger.** A solution for any policy issue is always reached through dialogue. To make this kind of interaction fruitful, both sides need to feel comfortable and in tune to enter the process. It is rarely the best idea to send in a lawyer as this will suggest legal action. Neither is putting forward the CEO at the start of the campaign, because you cannot escalate if things get worse.
12. **Thinking people will go your way because you invited them to lunch.** Lobbyists adhering to the habits of the past, are bound to be made irrelevant by the new generation of politicians and the rising pressure on

ethics and transparency all around. Moreover, thinking a lunch or a present might do the trick supposes that policy makers are either stupid or corrupt – which is quite a gamble to make. Do I really need food and drink to advance my interests? Do I need to meet somebody in a restaurant instead of a meeting room? How will he or she feel? You can do it to get to know each other, but not to talk about a specific topic. It is not necessary.

The personality characteristics of effective and successful public affairs professionals are listening; observing; relationship-building; courtesy; honesty; integrity and credibility.

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



The Flanders-China Chamber of Commerce and Flanders Investment & Trade organized a webinar on the topic **"Doing business in and with China after one and a half years of pandemic: an overview and preview"** with the Flemish Economic Representatives in China on July 7, 2021.

Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, welcomed the participants to the webinar. One of the most important obstacles for doing business with and in China at the moment is the fact that we can't travel to China. However, the Chinese market still offers many opportunities for our Flemish enterprises. Flemish exports to China increased by 22.5% in 2020, placing China in eighth place as export market.

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.

It has been more than one-and-a-half years since the Covid-19 virus was discovered in Wuhan. How did you experience this and what is the current situation? Mr Boschmans: China took measures very quickly, such as lockdown, mass testing and isolation, and travel restrictions and the number of Covid cases have remained limited. Even if the figures are multiplied by 10 they remain very low. In Shanghai the situation has been normalized very quickly since April 2020. There have not been any outbreaks since and events have been taking place live. Traveling in China is no problem unless to regions where there are new outbreaks. China has a "zero case" policy, keeping the borders virtually closed. We see that many expats are leaving as more and more senior positions are filled by Chinese.

Mr Struyvelt: I have been in China continuously since March 2020. Till August 2020, the situation in Beijing has been a bit more difficult compared to Shanghai, following a comparatively small outbreak in June. Meanwhile, there has not been any Covid-19 infection for 158 days in Beijing. It is business-as-usual here. Wearing a face mask is still obligatory in many places such as on transport, there are still temperature checks and the requirement to show a green health code. This situation is expected to continue for months if not years. Ministries are still a bit hesitant to receive visitors from the embassies. There are again many congresses and fairs.

Ms Verstraelen: Compared to a year ago, the situation is similar except for the fact that the quarantine requirements in Guangzhou and Southern China are even more strict compared to a year ago. On top of 14 days of quarantine, there is a one week observation period during which you don't have a green health code and cannot take public transport or enter shopping malls. In May there was a small outbreak of about 100 cases in a population of 18 million. A few districts had been placed in lockdown for a few weeks. There has been a worldwide impact on freight and container transport as cases were detected in the port of Shenzhen. The city of Guangzhou is building a new quarantine center with 5,000 beds as the airport has the most international flights in the world. This shows that China will not open the borders anytime soon.

Mr. Verheijke: Hong Kong has had a relatively traumatic experience with SARS in 2003, which led to a quick response when a new virus was reported in the beginning of 2020. Fairly quickly the medical sector requested the closure of the border with China. The number of casualties in Hong Kong has remained relatively low. In 18 months, there have been 12,000 cases and 212 deaths in a population of 7.5 million. Strict border measures, such as one to three weeks of quarantine in a hotel, have kept the pandemic in check. At present, Hong Kong is closed to non-residents, except for travelers from mainland China, Macao, Taiwan, Australia and New Zealand. The vaccination campaign started in February, first with China's Sinovac vaccine, but most people prefer the Pfizer-BioNtech one. However, relatively few – about 21% - Hong Kong people have been vaccinated. Lotteries are now being organized to promote vaccination. There is still a lot working-from-home to avoid the risks of taking public transport.

What has been the impact on China's economy and what are the consequences for our exporters? Mr Boschmans: In 2020 China was the only major economy reporting growth. This year the government expects growth of at least 6% but it will probably be between 8% and 8.5%. Flanders' exports dropped by 8% in 2020, and imports by 10%, the worst figures since 2009. One of the exceptions was China. One growth sector has been pharmaceuticals as some drugs produced in Belgium have been made reimbursable. In 2020 Chinese companies announced double as many foreign investment projects compared to a year earlier, but there have been delays due to travel restrictions.

Mr Struyvelt: The biggest obstacle are travel restrictions. Many Flemish entrepreneurs are eager to come to China, but since November 2020 it is prohibited for Belgians to travel to China with few exceptions. I have met only one Belgian who succeeded in coming to China for business. The only way is to get a PU-letter from local authorities at the request of a local company enabling you to get a visa from the Chinese Embassy in Brussels. There are no general rules about the circumstances under which a PU-letter may be issued. Few local authorities are willing to take the risk of delivering a PU-letter. However the Chinese Embassy is willing to consider travel requests case by case. Some Chinese importers are willing to travel to Belgium, although they also face a three-week quarantine when returning to China. Considering the principle of reciprocity Belgium is also not delivering any visas, unless for economic reasons which cannot be postponed. The necessity of travel to Belgium is however difficult to prove.

Ms Verstraelen: There are also difficulties with the transport of goods with costs rising. The F&B sector is affected seriously, in particular cold chain products, which are being checked very thoroughly resulting in higher transport costs and delays. We continue building bridges between Flemish companies and Chinese customers. We support some sectors through hybrid actions, such as a hybrid food fair. In some cases FIT has a booth at food, logistics or high-tech fairs.

Mr Verheijke: In the past two years, Hong Kong suffered from the double shocks of social unrest and Covid-19 leading to the economy shrinking by 1.2% in 2019 and 6.1% in 2020. The aviation, tourism and hospitality sectors have been particularly affected. Dragon Airlines has closed down as well as many hotels and restaurants because the number of tourists has dropped by more than 90%. The biggest problem is that the border with mainland China is closed. So businesspeople can't go to their factories in Guangdong. The Hong Kong business community is pushing the authorities to change this. To support the people, the authorities have issued cash vouchers and subsidies. This year the economy will do better than last but has still not recovered to pre-Covid times. Two sectors – finance and logistics – performed well. Belgian beer exporters saw their exports plummet, while online sellers saw a sales boom. Hong Kong remains a very open economy and there are few problems with imports of cold chain products.

When will it be possible again to travel to China? Mr Struyvelt: It doesn't look very good. Strict restrictions will remain till after the Olympic Winter Games in Beijing in February 2022 and some say till the summer of next year. Much will depend on the situation elsewhere in the world. Don't expect to be able to come to China before next year. **Mr Verheijke:** It is difficult to evaluate. Hong Kong is more open than mainland China and its priority is to reopen the border with China for which it will need to remain free from Covid. The authorities are not expected to take many risks allowing entry to non-residents. Belgium and most European countries have a B-status, which means they are risky countries. Belgium would need to be classified in the category of Australia and New Zealand with no or few infections during a longer time.

What is the impact of the 14th Five Year Plan and what are the opportunities for our entrepreneurs? Mr Boschmans: The whole world is looking at the Five Year Plan because it indicates the direction for the coming years. The focus is on a slower but qualitatively better growth and a few structural priorities. There is an increased focus on domestic consumption to diminish reliance on exports and become less dependent on foreign countries for high-tech. Funds for R&D will be increased in the coming years. Healthcare will be further improved. Sustainable and green growth is another focus. The plan also aims to raise the urbanization ratio to more than 65% in 2025. There will be more investments in smart cities, such as 5G and rail links. Regional mega-clusters will be further developed, such as the Yangtze River Delta and the Chongqing-Chengdu mega cluster.

Ms Verstraelen: In the South there is the Greater Bay Area, and Shenzhen, which celebrated its 40th anniversary last year. Innovation is the key word with better use of resources, R&D, and the green focus. This relies on five pillars:

scientific innovation; modern industries; efficient economic circulation in Guangdong; opening and reform; and dual circulation. Four key national labs have opened in Guangzhou for cutting-edge materials; nano-manufacturing; network security and life science. Pilot reforms in Shenzhen include the set up of a data center and increased autonomy for Shenzhen in the field of artificial intelligence, autonomous vehicles, health services and informatics. We also keep an eye on the Hainan Free Trade Zone where there will also be opportunities, including duty free shopping. Some new industries are also being developed, including cleantech, a medical development zone, agro-business, and cross-border e-commerce.

Mr Struyvelt: In the Five Year Plan there are few detailed objectives but there will be opportunities in areas such a cleantech, recycling, new energies, new energy vehicles and pollution. The climate is a very important topic. Another mega cluster is the Jing-Jin-Ji (Beijing-Tianjin-Hebei) with 116 million inhabitants and 225,000 sq km, approximately equal to the surface of France. A new development zone will be comparable to Shenzhen and Pudong. In Xiong'an a whole new city is being built where much of the non-core business of Beijing will be relocated, such as universities.

Mr Verheijke: What happens in mainland China determines in large part what is possible in Hong Kong. The market is relatively limited but it remains important as a hub. Some place their hopes on a further integration of the area, which includes nine cities in Guangdong and the Hong Kong and Macao special administrative regions. This may be more important for local companies rather than foreign ones. For Flemish entrepreneurs Hong Kong remains interesting as a regional hub specifically for financial and environmental goods and services. There is a flourishing fintech sector. Cleantech is also important as Hong Kong aims to become carbon neutral by 2050, including the building of wind energy parks, making buildings more energy efficient and better treatment of waste.

What are your experiences with the tensions between China, the EU and the U.S.? Mr Boschmans: The tensions are not diminishing and U.S. President Biden seems to continue the policies of Trump. In the past month several measures have been taken against Chinese companies, especially in the semiconductor sector. Exporters need to closely follow the situation and watch out with whom they are dealing with. A new FIT Technology Attaché will start in Guangzhou in August to assist our tech companies in developing the Chinese market and convince the right Chinese companies to invest in Flanders. Due to the tensions it won'y become easier for our companies. The geopolitical situation and sanctions are making the playing field more complex. Chinese consumers are becoming more self-conscious and nationalistic. As a company you can end up in the eye of the storm in a few hours time, such as H&M, Tesla and Didi.

Mr Struyvelt: In China not much has been written about the Comprehensive Agreement on Investment (CAI) contrary to Europe. The CAI should make it easier to invest in certain sectors such as automotive and cleantech, but there is no investment protection mechanism. The European parliament will scrutinize the agreement and it is expected that it won't be ratified in the coming two to three years. China is more focused on a free trade agreement with an expanded ASEAN group of countries, which also still needs to be ratified. China focuses more on other Asian countries rather than Europe.

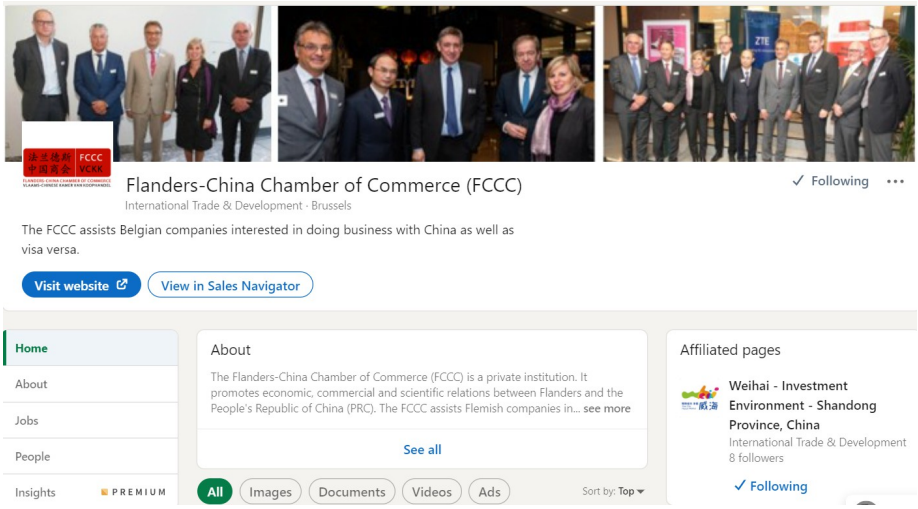
Ms Verstraelen: The local authorities and companies in South China are very sensitive when measures are taken putting China in a bad light, for example when a resolution is adopted in Europe sometimes a factory visit is canceled or deals are halted. We continue to emphasize there is a difference between Brussels as capital of the EU, Brussels as capital of Belgium and Flanders as a separate entity. We focus on cooperation between Flemish companies and Chinese partners and are not involved in political decisions.

Mr Verheijke: Regarding the Hong Kong Security Law it depends what you are doing locally. For a Flemish exporter selling goods or services through a local distributor the current political situation will have no impact on its activities. If you are based in Hong Kong you need to be careful not to take positions which the authorities could consider to be hostile. Some larger companies can't avoid being affected by the larger political situation, such as companies producing in China and being investigated by authorities in their own countries. Someone said that Hong Kong is a democracy where the people should know what is expected of them. At least there is no longer social unrest which is a positive for companies. There is a serious brain drain ongoing in Hong Kong. Many expats have already left Hong Kong. Some Hong Kong people are also relocating, especially to the UK. Hong Kong will not change commercially, but will become more and more a Chinese city. The English language knowledge is regressing among the youth, and the educational system focusses on learning to love China. Thousands of Chinese professionals are also relocating to Hong Kong.

Which actions are planned by FIT in the coming months? Mr Boschmans: For next year we plan live versions of the Chongqing-Chengdu mission and participation in the China Hybrid Food Fair in Chengdu. In May there is the China Medical Equipment Fair. We are also planning for the CIIE and the Food and Hotel China in November. **Mr Struyvelt:** Next week there is an environmental fair and we are looking at some smaller fairs. **Ms Verstraelen:** There will a FIT booth at the Logistics fair in September and the High-tech fair in November. We are also participating in the Environment Expo. **Mr Verheijke:** There are no actions planned this year as the border is still closed but we spend more time on identifying business opportunities. Next year, we are looking at organizing an export beginners mission to Hong Kong and Taiwan.

A Q&A concluded the webinar. Is there less interest of Chinese companies to invest in Flanders? Mr Boschmans: No, on the contrary, the tensions between China and the U.S. also offer opportunities for example in life science and logistics. However, due to the travel restrictions, site visits are not possible, which are crucial in the investment process, causing delays in taking decisions. **Mr Struyvelt:** Perhaps it is becoming more difficult for state-owned companies to invest abroad but private companies are still interested to invest in Europe. We need to determine which Chinese investments we want to ensure that our technology stays in Europe. Some start-ups set up by Chinese abroad are now considering to return to China. **Mr Verheijke:** More Hong Kong companies are interested to invest in Europe due to the Security Law and also because some of those companies are more mature now to venture abroad.

Is there rising inflation pressure in China? Mr Struyvelt: No, I don't think so.



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ENVIRONMENT

Trading on China's carbon emissions market to start soon

Preparations for China's carbon emissions market have been completed, and online trading will start at an appropriate time this month, according to the Global Times. The exact date will be announced later. The Ministry of Ecology and Environment, which is in charge of the market, has not announced a date for the launch yet. Once launched, the market would help enterprises cut emissions while reducing costs, and it would help China realize its pledge to reach a carbon emissions peak in 2030 and become carbon neutral in 2060, analysts noted. "The carbon trading market is just one of the measures to reduce carbon emissions. It currently only covers the power sector, equivalent to about 4 billion tons of carbon dioxide (CO2) emissions, which should be cut to zero within 40 years under carbon neutral planning," Wang Jun, Director of carbon asset management of Sichuan Yongxiang Co, told the Global Times.

According to the overall design of the carbon market, there are **eight high-energy industries: electric power, petrochemicals, chemicals, building materials, steel, non-ferrous metals, paper making and civil aviation**. These energy-intensive industries will face increasing pressure to reduce emissions, which will promote the optimization of the overall energy structure and green transformation. After the launch of the national carbon emissions trading market and with the gradual expansion of the coverage of industries and carbon reduction pledges, China's carbon price will rise sharply, and the market turnover is expected to exceed CNY2 trillion before 2030, said Wu Qi, Executive Dean of the Wuxi Institute of Digital Economy.

China has pledged to cut carbon dioxide emissions per unit of GDP by more than 65% from 2005 levels by 2030. According to estimates, China's peak CO_2 emissions are about 12 billion tons. "The market is waiting to see what happens. Apart from trading, we should also have a monitoring and a verification mechanism to check whether enterprises have achieved their emissions reduction targets," Han Xiaoping, Chief Analyst at energy industry website china5e.com, told the Global Times. China's top

economic planner has authorized seven cities and provinces to begin trials of carbon trading in October 2011. As of August 2020, the pilot carbon markets have covered more than 20 industries, such as steel, electric power and cement, involving nearly 3,000 enterprises, with a cumulative turnover of more than 400 million tons of CO_2 and a value of CNY9 billion. “I don't think China is at the beginning stage of carbon trading. It has been 10 years since China started its carbon market pilot program, and a lot of experience has been accumulated in terms of quotas and the implementation of treaties,” an analyst of green finance and low-carbon economy said. But industry insiders also said that the liquidity of China's carbon trading market needed to be improved.

“The national carbon trading market included only 2,000 power companies initially. In the future, industries with greenhouse gas emissions reaching 26,000 tons per year can be included in the market, indicating a low level for participation with certain entry restrictions,” said Zhao Yue, Research Fellow on carbon neutrality, as reported by the Global Times.

According to a report by the Investment Association of China and the Rocky Mountain Institute, **China's de-carbonization will create a market of CNY15 trillion by 2050**, especially in resource recycling, energy efficiency, electrification, zero-carbon power generation, energy storage, hydrogen and digitalization. China's carbon emissions reduction plan is of great interest to overseas companies as it could help unlock a massive market with huge profit potential, Lin Boqiang, Director of the China Center for Energy Economics Research at Xiamen University, told the Global Times. “China welcomes the participation of global enterprises to reach the goal of carbon neutrality. As long as they want to be a part of the market, it could bring ample profits from the business,” Lin said.

HEALTH

China increases vigilance at its Southern border to prevent escalation of Covid outbreak

Officials in the China-Myanmar border city of Ruili in Yunnan province vowed to ramp up their efforts to guard the border against Covid-19 by stepping up border controls and cracking down on illegal immigrants, after the delta variant was detected in the city, making it the second city to be hit by the mutated strain after Guangzhou. Illegally crossing the border will be severely punished, and illegal immigrants and those who organize, assist or shelter them will face severe punishment as well, Zhai Yulong, Ruili Party Secretary, said. All officials in public posts in Ruili have been assigned their own responsibility for guarding the border. Yunnan Provincial Party Secretary Ruan Chengfa instructed local officials to firmly guard the country's gates with “death-defying determination,” given the extremely grave and complex pandemic situation outside China.

Ruili announced a lockdown in its main urban areas, beginning at midnight on July 6, after the city reported 15 new confirmed Covid-19 cases and two asymptomatic carriers. Residents are required to stay at home, and most businesses must suspend operations. A new round of nucleic acid testing was launched in Ruili’s main urban areas and in Wanding town. All residents in the city’s main urban areas, which have a population of about 270,000, were under quarantine at home. Schools suspended classes, and places of business, except for some supermarkets, wet markets, hospitals and pharmacies, were closed. Restaurants are allowed to provide take-out service only, and residents can order daily necessities from online e-commerce platforms. A total of 23 sites were established to offer vegetables, meat, eggs and fruit to surrounding residents.

Some Western press reports doubt the efficacy of Chinese vaccines but a recent academic report revealed that large-scale real-world data from Chile prove that **Sinovac's vaccine, named CoronaVac, is 65.9% effective at preventing symptomatic cases**, 87.5% in preventing hospitalization, 90.3% against ICU admission, and 86.3% against coronavirus-related deaths. The research covered 10.2 million participants. CoronaVac's efficiency against hospitalization was reported as over 90% in studies in both Brazil and Indonesia. China's top epidemiologist Zhong Nanshan said on June 28 that Chinese vaccines are also effective against the delta variant. A Beijing-based immunologist suggested that inactivated vaccines such as CoronaVac are more efficient against variants compared to mRNA vaccines.

As of July 9, China has provided 500 million doses of Covid-19 vaccines and concentrates used for production to more than 100 countries and international organizations, accounting for one-sixth of global Covid-19 vaccine production, Guo Xuejun, Deputy Director of the Ministry of Foreign Affairs' Department of International Economic Affairs, said. Of the 140 countries involved in the Belt and Road Initiative, 84 agreed to import Chinese vaccines in the first half of this year.

FOREIGN TRADE & INVESTMENT

European Round Table for Industry (ERT) calls for continued engagement with China and ratification of the CAI

The European Round Table for Industry (ERT) has called for continued engagement with China in a recent publication entitled "Making Open Strategic Autonomy Work – European Trade in a Geopolitical World". The press release issued on the occasion of the publication of the report states that: "As China has gone from an emerging economy to a primary market and assertive partner, ERT provides insights into some of the issues facing non-Chinese companies operating there. It advocates for improving market access and a level playing field." Jacob Wallenberg, Chair of Investor AB and Chair of the ERT Committee on Trade & Market Access commented: "China has gone through tremendous economic and social development and demonstrated an unparalleled ability to deploy new technologies. While vital for both European and Chinese industries, jobs, and growth; our relationship with China remains complex. The continuing emergence of China is the most important strategic challenge of our time."

He added: **"The EU needs to invest in developing this relationship with the ultimate aim of China engaging further in a rules based world order.** Trade and business on a level playing field rely on the fundamental principles of openness and transparency, and respect for civil liberties and rights."

On the Comprehensive Agreement on Investment (CAI) the ERT writes in its report: "the CAI will provide fresh opportunities for the EU-China relationship if and when it is ratified and implemented. The Commission has temporarily put on hold efforts to ratify the agreement because of tensions in the EU-China relationship and criticism of some of its elements and concerns about enforceability, including in the European Parliament. The EU should address these concerns and pursue the ratification as soon as the political conditions allow. European businesses will support the Commission as it makes the case."

The report continues: "The CAI is economically important, but also controversial, and so even when the ratification process resumes, it may prove to be long and challenging. The agreement has been reached at a time when there is renewed attention to human rights in China. There are also concerns about the labor and environmental commitments in the agreement and whether these are sufficiently strong and enforceable. The more detailed and time-specific the Chinese authorities are on the implementation of these aspects of the agreement, including the ILO Fundamental Conventions, the more it will help to create trust and to build support in the European Parliament for ratification once the time is right to pursue this."

The ERT report concludes that: "**The CAI is significant because it offers more on market access than any investment agreement negotiated previously by China** with other nations. It shows the benefits of engagement by the EU with China on longstanding challenges for the relationship. It does not mean that those issues are now fully resolved, but it is an important step towards establishing a commercial relationship that is more balanced, fairer, and beneficial for both sides. The agreement binds in, or in some sectors extends, China's openness to European firms, while also providing a basis for further strengthening the trade and investment relationship."

The ERT moreover notes that "the EU and China should strengthen their economic and trade dialogue and use it to develop a positive agenda for cooperation, especially on climate change."

The ERT publication "Making Open Strategic Autonomy Work – European Trade in a Geopolitical World" has been produced with the support of the international consultancy, Global Counsel and **is available to download here.**

The European Round Table for Industry (ERT) is a forum that brings together around 60 Chief Executives and Chairs of leading multinational companies of European parentage, covering a wide range of industrial and technological sectors. ERT strives for a strong, open and competitive Europe, with the EU and its single market as a driver for inclusive growth and sustainable prosperity. Companies of ERT Members have combined revenues exceeding €2 trillion, providing direct jobs to around five million people worldwide – of which half are in Europe – and sustaining millions of indirect jobs. They invest more than €60 billion annually in R&D, largely in Europe.

CHINA NEWS ROUND-UP

China unveils plan to promote the circular economy

The National Development and Reform Commission (NDRC) unveiled a new development plan to promote the circular economy in the next five years. The plan's goal is to make the utilization of resources more efficient and foster high-quality development during the 14th Five Year Plan period (2021-25). The plan will promote resource conservation and recycling in China, help ensure resource security and aid China in honoring its pledge to peak carbon dioxide emissions by 2030 and become carbon neutral by 2060. The circular economy refers to recycling, reusing and refurbishing materials and resources. The new plan will make the circular economy a national priority during the period 2021-25. By 2025, a resource recycling industry will be established and a resource recycling system covering the entire society will be completed to improve the efficiency of resource utilization.

The productivity of major resources is expected to increase by about 20% compared with 2020. The energy and water consumption per unit GDP will be reduced by 13.5% and 16%, respectively. According to the plan, the use of waste paper and scrap steel will reach 60 million metric tons and 320 million tons, respectively, and the output of recycled non-ferrous metals will hit 20 million tons by 2025. By then, the resources recycling industry will be worth CNY5 trillion. This will include building a recycling system for waste materials, strengthening the recycling of agricultural and forestry waste, and implementing a circular agricultural development model. Yin Zhongshu, Analyst at Everbright Securities, said the development of the circular economy will help China reduce carbon emissions and strengthen the new dual-circulation development paradigm that takes the domestic market as the mainstay while the domestic and foreign markets complement each other.

China will also accelerate efforts to recycle new energy vehicle batteries. The country is expected to reach a peak in battery replacement by 2025. China will step up building a traceability system for new energy vehicle (NEV) batteries. NEV manufacturers will set up recycling service networks by themselves or through cooperation with upstream and downstream industry players, the plan said. Wang Binggang, Honorary Consultant of the China Society of Automotive Engineering said: "China's electric vehicle industry has entered a new stage of rapid growth with the battery industry initially taking shape. It is strategically important for the country to have stable battery resources and a sound battery recycling system. The China Association of Automobile Manufacturers (CAAM) estimated that NEV sales will likely surpass 2 million units this year. The China Automotive Technology and Research Center (CATRC) said that 2025 will be a peak period for battery replacement with 780,000 tons of power batteries expected to go offline by that time, the China Daily reports.

Shanghai aims to become world-class international shipping center by 2025

The municipal government of Shanghai has set a goal for the city to become a world-class international shipping center during the 14th Five Year Plan period (2021-25). Officials said that by 2025, Shanghai will be handling more than 47 million TEU at its ports each year; recording 130 million passenger trips; and clearing 4.1 million metric tons of cargo at its airports. Shanghai was rated third among international shipping centers behind only Singapore and London by the 2020 Xinhua-Baltic International Shipping Center Development Index. Shanghai's international influence is steadily growing, said Yu Fulin, Director of the Shanghai Municipal Transport Commission.

The municipal government has identified **seven main tasks for the coming five years**: optimization of shipping industry clusters; integration and high-quality development of ports across the Yangtze River Delta; enhancement of global aviation resources; creation of a high-class cruise center; promotion of sustainable development as a shipping center with the aid of technology; improvement of shipping-related services; and strengthening of capabilities related to the shipping industry.

Shanghai Port has been the world's busiest container port in terms of throughput for 11 consecutive years. The fourth phase of the Shanghai Yangshan Deep Water Port is currently the world's biggest automated container terminal with an annual capacity of 5 million TEU by the end of 2020, according to Zhang Xin, Vice President of the Shanghai International Port Group. The goal is to handle 30 million TEU of containers at the automated terminal in the coming five years, and expand its annual capacity to 7 million TEU, said Zhang.

During the 14th Five Year Plan period, the Shanghai Airport Authority will focus on increasing its ground facilities as well as enhancing the capabilities to support large passenger volumes. The plans include the fourth phase expansion project of the Shanghai Pudong International Airport and the construction of an intelligent new cargo station. An important part of the fourth phase expansion of the Shanghai Pudong International Airport is the construction of a 1.19 million square-meter Terminal 3, which is designed to handle 50 million passenger trips per year. As of 2019, there were more than 100 airlines

operating at Shanghai Hongqiao and Pudong International Airports, connecting 314 destinations in 50 nations. The two airports handled 120 million passengers trips and 4.058 million tons of cargo each year, ranking fourth and third respectively among global cities, the China Daily reports.

Rising inflation stopped as pork prices fall

China's consumer price index (CPI) rose 1.1% in June, while the PPI surged 8.8%, a slower growth compared May, according to the National Bureau of Statistics (NBS). The latest CPI indicated that the trend of rising inflation was ending, as CPI growth had been accelerating for four consecutive months since January. In May and April, the CPI rose 1.3% and 0.9% respectively. On a monthly basis, the CPI edged down by 0.4 percentage points in June. Dong Lijuan, Senior Statistician with the NBS, said the main reason for the CPI slowdown was the fall of food prices, particularly the pork price, which slumped by 36.5% in June, 12.7 percentage points more compared with the previous month. In general, China's food price has turned from 0.3% growth in May to a negative growth of 1.7% in June.

In comparison, China's producer price index (PPI) edged down by a slight 0.2 percentage points compared with May, which is in line with market expectations. Price increases slowed in a number of industries including chemical materials, oil and natural gas exploration as well as ferrous metal smelting. China's May factory gate prices have risen at the fastest annual pace in over 12 years due to surging commodity prices, and this worried many analysts, as higher commodity prices would reduce manufacturers' profits. PPI growth is likely to edge down further in the coming months, though the extent is hard to predict mainly due to uncertainties in the U.S. Fed policies as well as how the oil price would evolve. Inflation is expected to be under control in the second half of the year, said Wen Bin, Chief Researcher at China Minsheng Bank. China has set a 2021 CPI growth target of around 3%, compared with around 3.5% last year.

The People's Bank of China (PBOC) announced a cut of the required reserve ratio (RRR), the amount of cash that banks and financial institutions must hold as reserves, by 0.5 percentage points. The move is expected to release CNY1 trillion in long-term capital to consolidate the country's economic recovery and prevent risks in the second half of this year. The policy, effective from July 15, is the first RRR cut rolled out by the central bank in more than 15 months, and will be applied to all financial institutions except for banks that are subject to an RRR of 5%. The PBOC said that the RRR cut does not represent a change in its stable and normal monetary policy, but was intended to avoid a "flood-like stimulus." "I expect the released capital to allow to expand loans to small and micro enterprises, which are facing multiple pressures including a rising yuan, a profit squeeze by bulk commodity price hikes, and the pandemic," Wu Chaoming, Chief Economist at Chasing Securities, said. The central bank's pivot toward easing is based on expectations of a cooling economy in the third and fourth quarter, especially after a record-breaking 18.3% expansion in the first quarter, experts said. The RRR cut will save about CNY13 billion in costs for financial institutions annually, according to the PBOC statement.

Work on CAI continuing, says MOFCOM

China and the EU were undertaking legal reviews, translation and other technical preparations for the China-EU Comprehensive Agreement on Investment (CAI), China's Ministry of Commerce (MOFCOM) said. Analysts noted that the comment is the first indication that the deal is still moving forward since the EU froze its ratification process in May. Asked about the progress of the CAI at a regular press conference in Beijing, Gao Feng, Spokesman for MOFCOM, said that both sides were making technical preparations. The CAI serves the common interests of both sides and will be beneficial to the global economy, said Gao. "This message is an indication that although ratification of the CAI was frozen and disrupted, it hasn't been stopped," Cui Hongjian, Director of the Department of European Studies at the China Institute of International Studies, told the Global Times. While the ratification procedure is stuck in the European Parliament, the technical work has not stopped, Cui noted.

During a virtual summit among Chinese, French and German leaders last week, **French President Emmanuel Macron and German Chancellor Angela Merkel also expressed support for the CAI** and cooperation in other areas, according to Xinhua News Agency. As the EU is divided over the CAI, "sending a signal supporting the CAI is also intended to reassure those who support the agreement within the EU, especially business representatives," said Cui. In May, the European Parliament voted to freeze the CAI, thus blocking the ratification after seven years of negotiations. Commenting on the EU's freezing of the ratification, Gao said that the agreement is mutually beneficial and freezing its ratification does not serve the common interests of the two sides.

The EU is still a very important market for China, and European companies also want to reap the benefits of China's economic development, Song Wei, Research Fellow at the Chinese Academy of International Trade and Economic Cooperation, told the Global Times. "Despite the impact of Covid-19 and the adverse political environment, China and the EU should continue to promote the completion of the investment agreement from the perspective of economic complementarity and the needs of the two sides," said Song.

The EU High Representative for Foreign Affairs and Security Policy and Vice President of the European Commission **Josep Borrell held a meeting by video conference with** Chinese State Councilor and Foreign Minister **Wang Yi** on July 8. Borrell expressed his conviction that EU-China engagement remains essential and that channels of communication need to remain open. Foreign Minister Wang Yi reiterated his invitation to the High Representative to visit China, while High Representative Borrell expressed readiness to hold the regular EU-China Strategic Dialogue in early autumn, according to the EU Delegation in Beijing.

2021 World Artificial Intelligence Conference (WAIC) in Shanghai attracts U.S. companies

Even as tension between China and the U.S. continues to escalate in a wide range of areas from trade to technology, U.S. tech companies showed that they are still interested in the Chinese market at **the 2021 World Artificial Intelligence Conference (WAIC) held in Shanghai**. **Former U.S. Secretary of State Henry Kissinger called on both sides to "start a dialogue" in a speech via video to the WAIC.** He said that neither of the two countries should seek a monopoly in the field of high technology and urged the two countries to opt for a relationship "of mutual benefit." A number of U.S. tech companies – including Qualcomm – showcased their artificial intelligence (AI) solutions at the conference. **Christiano Amon, President and CEO of Qualcomm**, said that the company is collaborating with leading companies in China and around the world to accelerate a trend that leads to an "intelligent, cloud-connected future." "This is a very exciting time to bring AI to its full potential in the cloud by creating more intelligent edge devices, and 5G will be the connectivity platform to connect it all. This is a massive opportunity for all of us in this industry," he said.

Ian Shih, President of U.S.-based Rockwell Automation Greater China, said that the company has established profound strategic partnerships with many Chinese companies. "Today, a number of innovative technologies in China such as AI, big data and augmented reality have been highly integrated with our core business platforms, and we will work to accelerate the upgrading of China's manufacturing industries to enhance Chinese companies' global competence," he told the Global Times.

"Opportunities in the Chinese market always exist, even at the toughest time of China-U.S. relations. Yes, the political friction is there, but the importance of Chinese markets to U.S. companies like Qualcomm won't be erased by external factors," independent tech analyst Fu Liang told the Global Times. **Allan Gabor, President of Merck China**, said that a revolution of AI technologies has been taking place in China in recent years, from voice-controlled digital assistants to drug development through machine learning, and this creates a vibrant ecosystem in China that the company is delighted to be part of. "Today, 22% of the AI companies in the world are from China, there is no doubt that China leads the way in AI," he said.

Experts also pointed to challenges standing in the way of China's AI development. China still lags behind in basic technologies such as sensors and chips. Also, the problem of "data fragmentation" poses risks to China-U.S. AI cooperation, as there is no consensus on how to treat sensitive data in either country, and that increases the chances of cooperative AI projects suddenly being halted, analysts said, as reported by the Global Times.

China welcomes multinational corporations seeking to establish artificial intelligence R&D facilities, said Xiao Yaqing, Minister of Industry and Information Technology. China ranks first in AI-related invention patents, Xiao said. The country has formed an entire industrial chain and application scenarios, and has made remarkable progress in areas like image and voice recognition. Shanghai, which is looking to become China's world-class AI center, will serve as a "testbed and barometer" for global AI development, said Li Qiang, Shanghai's Party Secretary.

Several Chinese internet companies fined for monopolistic behavior

Several leading Chinese internet companies, including Tencent, Alibaba, ride-hailing company Didi Chuxing, and e-commerce giant Suning, **were each fined CNY500,000 per breach of the Anti-monopoly Law.** The State Administration for Market Regulation (SAMR) said the companies breached the "concentrations of undertakings" provision under the Anti-monopoly Law in a total of 22 equity investment and joint venture deals. The companies and their counterparts were fined for failing to complete a documentation process before finalizing the deals and for non-compliance. Multiple subsidiaries of Didi were among the penalized parties. The fines serve as a reminder to internet companies to comply with their legal obligations on their own initiative, noted Li Junhui, Professor at the China University of Political Science and Law.

The 22 cases, which involved new retail, e-commerce, logistics, fintech, ride-hailing and charging piles for new-energy vehicles (NEVs), started in March and April this year. For example, Didi subsidiary Xiaoju Kuaizhi and BAIC Mobility Co, a subsidiary of Beijing Automotive Industry Holding Co (BAIC Group), failed to report to the SAMR about their joint venture before the company obtained a business license on May 17, 2018, which violated Article 21 of the Anti-monopoly Law and constituted an illegal concentration of business operators.

"Continuing the supervision of monopolies in the platform economy is not closely related to the removal of Didi Chuxing's app for data security. But Didi is of course in the spotlight as it is the most recent and high-profile example," Wang Peng, Assistant Professor at the Gaoling School of Artificial Intelligence at Renmin University of China, told the Global Times. **Many of the fined companies are listed on overseas stock markets.** Chen Da, Executive Director of Anlan Capital, said that the fine is insignificant for such giant companies and investors generally welcome such gentle reminders to keep the companies on the right track. Nonetheless, the ruling could result in some short-term jitters in investor sentiment, Chen said. China has been ramping up a crackdown on digital platform companies, as the digital economy accounts for a growing percentage of the whole economy and poses some serious risks. The digital economy accounted for 36.2% of the nation's GDP as of 2019, the Global Times reports.

Meanwhile, Fan Yifei, Deputy Governor of the People's Bank of China (PBOC), said that antitrust measures against Ant Group would also be taken against other payment firms and that more regulatory actions against disorderly conduct in the payment market will come "sooner rather than later." Ant was required to rectify its anti-competitive behavior in the payments business and give consumers more options. It was also ordered to break up its data monopoly, and to collect and use personal information in line with the principles of "lawfulness, minimum, and necessity".

The Cybersecurity Administration of China (CAC) also published a draft revision of rules stating that all internet product and service providers that collect data of more than a million users must file for review and approval before seeking an IPO abroad. Considering the scope of

the Chinese market, this means that **almost all platforms operating in China which aspire to sell shares abroad need to go through a cybersecurity review**. The rules make protecting users' data and ensuring China's information security a "premise" for Chinese companies seeking IPOs abroad. Any of 13 agencies that suspects a risk to national security can initiate a cybersecurity review. The CAC is seeking public comments on the draft revision till July 25 and it was not immediately clear when the rules will come into effect. So far this year, 37 Chinese companies have been listed in the U.S., raising a combined USD12.9 billion.

EV battery suppliers can't keep up with demand

Chinese electric vehicle (EV) battery suppliers can't keep up with record foreign and domestic demand, and the shortfall may reach a record 30% to 40% this year, despite efforts to increase output, industry insiders said. Sales are being driven by soaring global demand for Chinese EV batteries as the country becomes greener. Meanwhile, companies are facing disruption of supplies of raw materials form abroad. The shortage has also prompted some car companies to place orders months ahead of time. Amid the massive shortfall, EV battery factories across the country are running at full capacity.

A source with an EV battery producer in Jiangsu province told the Global Times that the company has an annual capacity of around 400 million batteries, and the production lines are running at full capacity. "A new production line with a capacity of 300 million batteries will open in the fourth quarter," the source said. A lithium battery maker in Xinyu, Jiangxi province, which supplies batteries for the Tesla Model 3 and BYD Han, was running at full capacity 28 days a month. EVE Energy, a Guangdong-based lithium battery supplier, said that its production lines are also operating at full capacity, but demand for its batteries is still expected to outstrip supply for nearly a year. Behind the shortage is record demand for EV batteries in both the domestic and overseas markets.

Over the past four months, China has installed about 31.6 gigawatt-hours (gWh) of power batteries, up 241% year-on-year. Industrial data provider SMM predicted that the demand for lithium-ion batteries in the new energy market will reach 102 gWh this year, up 60% year-on-year. EV makers are seeking long-term supply contracts. Contemporary Amperex Technology Co (CATL), a leading EV battery maker, recently announced that it had signed an agreement with Tesla to supply lithium-ion power batteries from January 2022 to December 2025. Tesla was CATL's third-largest customer by installed capacity in 2020, and by the first quarter of 2021, the U.S. company became its largest customer. SNE Research predicted that global demand for power batteries for EVs will reach 406 gWh by 2023, compared with an estimated 335 gWh of supply, a shortfall of about 18%. By 2025, the gap will increase to about 40%, SNE said. China contributed 511 gWh of the 804 gWh of global lithium battery production capacity in 2020, the Global Times reports.

Sales revenue of 19 Chinese real estate developers exceeded CNY100 billion in first half

A total of 19 real estate developers in China said their sales revenue exceeded CNY100 billion in the first half, which analysts said was not only due to the low base in Covid-19-plagued 2020, but also led by China's strong recovery and stabilization of the sector's performance. The nation's 100 largest real estate companies saw average sales revenue from January to June soar 40% year-on-year to CNY69.3 billion despite tightening measures on land and financing. Their combined market share hit 56.6%, according to the China Index Academy. Compared to a year ago, there are six more developers whose half-year sales revenue surpassed the CNY100 billion mark.

Some 132 companies had a sales revenue of CNY10 billion or more, 25 more than a year ago. "Facing fierce competition and restrictions imposed to stabilize the property market, most real estate firms actively adjusted marketing strategies to further explore market demand," said Hui Jianqiang, Research Director at Beijing Zhongfang-Yanxie Technology Service. "Their performance indicates the great demand in China, and the resilience of leading property developers." Hui said the sector's leaders grabbed a larger share of the market, while the less competitive companies lost ground if they did not come up with new measures to compete.

The top four real estate firms – Country Garden, China Evergrande, China Vanke and Sunac China – each reported more than CNY300 billion in first-half sales revenue. With an eye on the market's latest trend, the 15 companies with sales revenue between CNY100 billion and CNY300 billion shifted their business focus to city clusters like the Yangtze River Delta region, the Guangdong-Hong Kong-Macao Greater Bay Area and the Beijing-Tianjin-Hebei region. A total of 23 firms had revenues between CNY50 billion and CNY100 billion. They mostly focussed on the commercial property market and the renovation of urban areas. Nearly 90% of the developers have achieved more than 40% of their whole year target, with 25 having completed more than half of their sales revenue target by the end of June, said Ding Zuyu, CEO of E-House (China) Enterprise Holdings.

However, the performance of listed property developers in the capital market is not as bright. Some 118 out of 170 companies or 69.4% saw their market value go down, while their combined market value shrank about 8.7% to CNY340 billion in the first six months, according to data from Leju.com. As the sector was hit hard by Covid-19 last year, property developers tended to set more conservative goals for this year, said Liu Shui, Deputy Director of Research at the China Index Academy, as reported by the China Daily.

JOB OFFER

Invest Deputy – Flanders Investment and Trade Guangzhou

The Commercial section of the Consulate General of Belgium in Guangzhou - Flanders Investment and Trade is offering a full-time position as INVEST DEPUTY

Job title: Invest Deputy

Commercial section of the Consulate General of Belgium - Flanders Investment and Trade

Work location: Guangzhou

Job description

Supporting the Flemish Economic Representative (the Economic and Commercial Consul) as well as the Science & Technology Attaché (the Science and Technology Consul) in matters related to investment attraction.

Guiding and assisting Chinese potential investors to locate in Flanders, Belgium, as well as aftercare and maintaining excellent relations with Chinese companies that have already invested in the Flanders.

- Presenting Flanders as an ideal investment location to prospects

- Prospecting and identifying target companies, supplying these target companies with proposals or suggestions, and answering their queries

- Organize marketing and promotion events in the jurisdiction as well as in other parts of the country as required. These include participating in seminars, conferences, organizing seminars, road shows, individual company visits, accompanying visitors to Flanders if required and authorized, organizing participation at exhibitions and organize as well as staff the booth, etc.,

- Supplying ideas and signaling opportunities for the action program to the head of post, S&T attaché and/or to Brussels' head office

- To build and use an effective network of contacts within the private sector to assist the above.

This would also include visits to companies and business events in multiple provinces in the South of China, including trade fairs (facilitating knowledge acquisition and extending network capability)

- To regularly report and review the outcomes of the above activities and consider where changes of direction or focus may be required to better meet the demands of the customer depending on resource availability

- To be responsible for management of budgeted funds for actions, including proper reporting and follow-up; including preparation of individual business visits, canvassing trips, group actions, economic missions, seminars, exhibitions

- Follow-up with the Chinese investors already present in Flanders, Belgium

- Suggesting ideas and opportunities for the action program of the office

- Furthermore, annual training visits in Flanders, Belgium need to be attended.

Profile requirements

- Minimum diploma: university degree which relates as closely as possible to the task and the most important duties as described above (preferably international trade, applied economic sciences)

- Knowledge of international business and investment environment, especially in the South of China; min of 5 years relevant professional experience

- Commercial flair, pro-active approach and an eye for opportunities

- Knowledge of the related language and specific terminology

- Excellent Chinese/Mandarin and English speaking and writing skills are a MUST; knowledge of Dutch is an asset

- Permission to work in China

- Good knowledge of commonly used IT applications (Excel/Word/Outlook)

- Familiarity with a Customer Relations Management system is an asset

- Excellent communication skills and ability to work in a team.

- Competences required: cooperation, flexibility, customer oriented, analytical thinking, sense of responsibility, organizational involvement, convincing nature

Our offer

Flanders Investment & Trade is an agency of the government of Flanders, the northern region of Belgium. Its aim is to support Flemish companies in their international business endeavors and to attract and support foreign companies that want to set up or expand in Flanders. You will be able to work in an internationally oriented organization that encourages employee development, instills creativity and nurtures independent thinking in a forward-looking context.

The working week entails (a minimum of) 38 hours, but a "9-to-5" mentality is not expected within this job. The Invest Deputy will need to attend business networking events and fairs, some of which may take place on evenings and/or in weekends.

Benefits include:

- Participation in a medical insurance plan;

- Annual leave entitlement – 26 days per calendar year

- All local holidays and one Flemish public holiday per annum

More information on Flanders Investment and Trade: www.flandersinvestmentandtrade.com and

www.investinflanders.com.

How to apply?

The Flanders Investment and Trade Agency is an equal opportunity employer. We welcome all applications, irrespective of race, color, gender, disability, sexual orientation, religion, belief, creed or age.

Interested candidates can send their English and Chinese resume and motivation letter to

guangzhouinvest@fitagency.com

In the “subject” field of the mail, specify “your name” + “Invest Deputy”.

Deadline of application: **August 5, 2021**

Only shortlisted candidates will be invited for an interview.

The first rounds of interviews will take place in Guangzhou in the week of August 9-13, 2021.

Your banner at the FCCC website or newsletter

Companies interested in posting a banner/an advertisement on the FCCC website or FCCC weekly newsletter are kindly invited to contact the FCCC at: info@flanders-china.be

Organisation and founding members of the Flanders- China Chamber of Commerce

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Membership rates for 2021 (excl. VAT)

- SMEs: €435 (excl. 21% VAT)
- Large enterprises: €1,080 (excl. 21% VAT)

Contact

Flanders-China Chamber of Commerce
Office: Ajuinlei 1, B-9000 Gent, Belgium
New telephone and fax numbers:
T ++32/9/269.52.46
F ++32/9/269.52.99
E info@flanders-china.be
W www.flanders-china.be

Share your story

To send your input for publication in a future newsletter mail to: info@flanders-china.be
The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com

Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.

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