

China Business Weekly

3 August 2021



FCCC/EUCBA ACTIVITIES

**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, the EU-China Business Association and the China IP SME Helpdesk, with the support of Flanders Investment and Trade, are organizing a stimulating 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, **Mr Simon Cheetham**, Team Leader and IP Expert, China IP SME Helpdesk, 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.

Program:

10h30-10h35: Introduction to the webinar by **Mr. Peter Sczigel**, China IP SME Helpdesk;

10h35-10h40: Presentation of the Flanders-China Chamber of Commerce / EU-China Business Association by **Ms. Gwenn Sonck**, Executive Director, FCCC/EUCBA;

10h40-11h15: Presentation on the Intellectual Property Systems: A comparison between the EU and China by **Mr. Simon Cheetham**, China IP SME Helpdesk;

11h15-11h30: Q&A session.

Practical information:

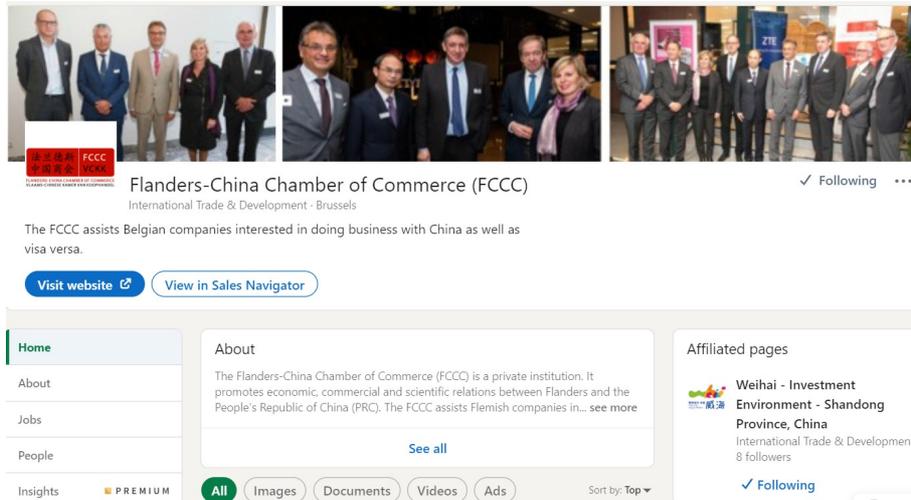
Date: 18 August 2021, 10h30 am – 11h30 am CEST

Location: Online

Price members: Free

Price non-members: Free

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HEALTH

Nanjing outbreak the largest since Wuhan, spreads to Beijing and other provinces



The outbreak of Covid-19 in Nanjing, Jiangsu province, has spread to Beijing and 18 other provinces and dozens of cities. It is the most extensive domestic outbreak after Wuhan in December 2019. The first confirmed case of the latest outbreak was detected on July 20 at Nanjing Lukou International Airport. Airline passengers brought the virus across the country to places including Sichuan and Liaoning provinces. 31 provincial-level regions across China warned residents against unnecessary travel. Residential areas – where more than 10,000 residents live – around the Guoxing community in Beijing’s Haidian district have been locked down with public places in the area being closed. The capital city has reported several local confirmed cases associated with infected people returning from outside. Wuhan, capital of

Hubei province, also reported seven local cases, the first since June 2020.

At least 19 people who attended a show in Zhangjiajie, a tourist spot in Hunan province, or who have close contacts with those who attended the show, tested positive for the virus. Some of them made a stop-over in Nanjing. Two of them were from Beijing. About 2,000 people attended the show on July 22. Fifty-three new locally transmitted confirmed cases and 25 asymptomatic carriers were reported on the Chinese mainland on July 31. In Zhengzhou, capital of Henan province, the Directors of the city’s Health Commission and the No 6 People’s Hospital were sacked for failing to contain the virus. The city on July 31 reported 12 locally transmitted confirmed Covid-19 cases and 20 asymptomatic cases. Most of the locally transmitted cases in Henan are related to the No 6 People’s Hospital, which is the designated hospital for treating imported Covid-19 patients in Zhengzhou. The city of more than 12.6 million set up 4,168 sample collection sites to complete citywide nucleic acid testing in three days.

China reported 328 confirmed domestic infections in July, roughly equivalent to the total number of local cases from February to June. The Chinese mainland on August 1 reported 55 new locally transmitted cases. Of those, 40 were reported in Jiangsu, seven in Hunan, two each in Beijing and Hubei, and one each in Shandong, Henan, Hainan and Yunnan.

Local authorities in Nanjing said that the delta variant was detected in the latest Covid-19 outbreak in the city. The total number of cases in the recent outbreak in the city reached 215, including eight patients in serious condition. A flight from Russia, which was suspended several times by the Chinese aviation regulator for carrying Covid-19 patients, was identified as the source of the latest outbreak at Nanjing International Airport, the Nanjing health authority said. Airport cleaning staff were infected while cleaning the airplane's cabin. The virus that infected the cleaners was the same as the one imported cases on flight CA910 were infected with. The flight arrived in Nanjing on July 10 from Russia. Flight CA910 has been suspended at least 10 times due to "circuit breaker" measures for inbound flights, which stipulated a flight be suspended for a week if five or more passengers tested positive, or longer if more infected passengers were identified.

All flights from Nanjing Lukou International Airport have been suspended until August 11, and the possibility of a further suspension has not been ruled out. All of the Nanjing's Lukou subdistrict, which has a population of more than 80,000 people, has been declared a high-risk area. Many people, who have had two doses of the vaccine were still infected with the delta variant in the recent Covid-19 outbreak in Nanjing. Bao Changjun, Director of the Acute Infectious Disease Control Institute of the CDC in Jiangsu province, said the transmission capacity of the delta variant is significantly enhanced – double that of past strains and 40% more contagious than the alpha variant discovered in the United Kingdom.

The Civil Aviation Administration of China (CAAC) has ordered that the aviation sector's key front-line staff be tested every two days. CAAC Director Feng Zhenglin said workers who have direct contact with international passengers and cargo will be kept separate from those who work with domestic passengers and cargo, and neither group is allowed to have contact with their family members or other outsiders during work hours. In Nanjing, cleaning was outsourced to a third party, which had a negative impact on epidemic prevention. According to the Global Times, experts pointed out that the Nanjing outbreak showed how **some Chinese cities have become slack at anti-epidemic work**, and this should be a wake-up call for all these cities.

Sinovac released the initial results of a Phase II clinical trial on booster shots of China-developed inactivated Covid-19 vaccines. The study, conducted in Jiangsu province since May 2020, found that although antibody levels declined six months after two Sinovac shots, a two-dose vaccination schedule generates good immune memory. A third dose, given at an interval of six to eight months after the second dose, led to a strong boost in immune response. The study also found that giving a third dose too early (28 days after the second dose) induced a much lower antibody level – only one-third compared with a

third dose given six or more months after a second dose. Optimizing the timing of a booster dose should take into account immunogenicity, vaccine efficacy/effectiveness, the local epidemic situation, infection risk, and vaccine supply, according to the study. Provisions for booster shots in China would be highly probable, given the Sinovac clinical trial results, Zhuang Shilihe, a Guangzhou-based expert, told the Global Times. Zhuang said that it is necessary for people who plan to attend the 2022 Beijing Winter Olympics in February 2022 to receive booster shots as many of them may have had their two vaccine shots more than six months before, while crowds would increase infection risks.

The COVAX vaccine facility is set to begin deliveries in the developing world in August of the Sinovac Covid-19 vaccine, after the United Nations announced a deal for 200 million doses. The UN Children's Fund UNICEF said Sinovac will supply 50 million doses through September, and 150 million doses over the rest of this year. Both parties agreed to an option for a further 180 million doses in the first half of 2022, taking the total number of doses available under the deal to 380 million. CoronaVac only became eligible for distribution under COVAX when it gained approval for emergency use from the World Health Organization (WHO) in June.

A two-dose inhaled Covid-19 vaccine developed by Chinese researchers appears to be safe and capable of eliciting strong immune responses comparable to those of more conventional one-dose vaccines. Cansino Biologics, which created the vaccine with the Academy of Military Medical Sciences' Beijing Institute of Biotechnology, said it is the first company in the world to publish clinical data on an aerosol Covid-19 vaccine. Results from its early stage human trial are promising and support further research into what promises to be an effective and economical candidate. The company's injectable Covid-19 vaccine gained conditional approval from the top drug regulator in late February, and the new version is identical in terms of composition, packaging and manufacturing process, except that it is delivered through inhalation and contains a lower dosage – about one-fifth that of the injection. The study's results were published in The Lancet Infectious Disease journal.

China's mass immunization program is progressing smoothly, with over 1.65 billion doses administered as of July 31, according to the National Health Commission (NHC). The program had covered 150 million people 60 years and older and 12.48 million youths between 12 to 17. The total number of confirmed Covid-19 cases on the mainland reached 93,005 by July 31, including 1,022 patients still receiving treatment, 25 of whom were in severe condition. The death toll stands at 4,636.

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

MACRO-ECONOMY

Robust growth expected for entertainment and media sector



Total revenue of China's entertainment and media industry is estimated to be around USD358.6 billion this year and should reach some USD436.8 billion in 2025, with the compound annual growth rate reaching 5.1%, higher than the global rate of 4.6%, according to a new report from global accounting firm PwC. **China will lead the world in average revenue growth in segments such as virtual reality, over-the-top (OTT) video and internet advertising**, the report said. "China's entertainment and media industry is recovering faster than the rest of the world. With the relaxation of Covid-19 restrictions, films, live music and trade exhibitions will see robust growth in 2021," said Aileen Mo, PwC Chinese mainland entertainment and media industry partner. In the next few years, along with the continuous impact of the Covid-19 pandemic and technological innovations, the fierce competition in China's entertainment and media industry will undergo tremendous change, said Mo, adding that market revenue from virtual reality and OTT video are expected to continue to grow. In addition, the rapid development of 5G and the Internet of Things (IoT) has propelled the growth of internet advertising, which will reach approximately USD117.5 billion by 2025, with a compound annual growth rate of 10.1%. Spending on mobile internet advertising is on course to dominate the growth of China's internet advertising industry, with its share of total internet advertising revenue increasing to 66% by 2025.

Revenue of China's OTT video market is expected to reach USD17.3 billion in 2025, with the compound annual growth rate reaching 11.86%, faster than the global growth rate. Cecilia Yau, PwC Chinese mainland and Hong Kong media leader, said that consumers are gaining more power as they now watch more content such as new movies, live webcasts and online concerts through OTT video platforms, and they are diversifying their consumption. Due to the impact of the pandemic, the number of people going to cinemas in China plummeted in 2020, but the industry has recovered well overall. Since August 2020, the country's film industry has begun to gradually recover. The report said that by December 2020, China's box office revenue had returned to USD2.9 billion, recovering to 92.4% of the level in the same period of December in 2019, and the number of moviegoers also rebounded sharply to reach about 1.4 billion in 2021.

In terms of revenue, China and the United States are still the world's two largest movie markets. **China's film revenue is expected to account for 23.5% of the world's total movie revenue** of USD47 billion in 2025, second only to 24.1% from the U.S., said PwC. "Looking ahead, Sino-foreign cooperation in filmmaking will continue to flourish, becoming the major future development trend for China's film industry. Additionally, with the rapid development of new technologies in virtual reality and augmented reality, artificial intelligence and biotechnology, the science-fiction film industry will continue to advance," said Emily Liu, a PwC Chinese mainland entertainment and media industry partner.

China is also the world's largest video game and e-sports market, with the combined revenue reaching USD31.5 billion in 2020. The compound annual growth rate of video games and e-sports is estimated to reach 4.9% and 12.3%, respectively, from 2021 to 2025, the report said. The growth rate of Chinese mobile games in overseas markets has been increasing year by year since 2017. In 2020, the scale of China's overseas gaming market surged 33.25% year-on-year. The report added that in the future, the overseas market potential is still huge, and launching video games overseas will drive revenue growth for platform operators, the China Daily reports.

FOREIGN INVESTMENT & TRADE

Foreign aviation companies expand in China



Major foreign players in the aviation industry sent positive signals for **deeper cooperation** with their Chinese counterparts at the **Hunan International General Aviation Industry Expo** in Hunan province. The three-day event that ended on July 18 attracted key enterprises from home and abroad, including Aviation Industry Corporation of China, Aero Engine Corporation of China, Textron Aviation, Bell Helicopter and Pratt & Whitney. More than 300 domestic and foreign experts, scholars and business leaders, as well as diplomatic envoys and business association representatives from 17 countries, attended the Expo. General aviation has become a key focus that is expected to inject new vitality in the aviation industry, which has been hounded by the Covid-19 pandemic over the past two years.

The Civil Aviation Administration of China (CAAC) said that during the 13th Five Year Plan period (2016-20), **the number of companies in China's general aviation industry rose to 523. Together, they owned a fleet of 2,892 aircraft.** Over the past five years, China's general aviation industry recorded 4.57 million flying hours, with an average annual increase of 13.7%, 2.7 percentage points higher than the increase in transport aviation. At the Expo, guests and business representatives from Mexico, Slovakia and the U.S. agreed that China's general aviation has bright opportunities for development.

Carlos Giralt-Cabrales, Consul General of Mexico in Guangzhou, expects **the reform of low altitude aviation to offer flourishing prospects for the general aviation industry.** Bell Helicopter from the U.S. brought to the fair the latest model of the Bell 407 series, and delivered a brand-new Bell 407GX helicopter to Chinese customers at the exhibition site. Mark Loh, General Manager of Bell Helicopter's China service center, said the company was very optimistic about the Chinese market. At present, helicopters in China are mainly used in the fields of medical rescue and public safety. China's development in related fields is constantly progressing, with strong market demand and broad development prospects. "With vaccination campaigns conducted worldwide, we believe the market is getting back on track. We are very confident about our future in China," Loh said, adding that Bell will continue to increase its investment in areas like training and support services in China. "Textron Aviation has long been optimistic about the development of China's general aviation industry," said Michael Shih, Vice President of Sales and Strategy at Textron Aviation China. He added that emerging businesses like short-haul transport, entertainment and emergency rescue are growing rapidly. Brendon Hill, BSI's Director of Aerospace, said he was amazed by the rapid development of domestic enterprises.

Hunan is the first province to pilot the reform of low-altitude airspace and it plans to build dozens of new airports within the year. Ivan Didanovic, Representative of the VRM company from Slovakia, said that means more pilots, crew members and other personnel will be badly needed. "We can provide them with our services to train personnel using simulated aircraft," he said. People will need more general aviation services after Covid-19, he added. "Though China's general aviation industry is not as mature as those in developed countries, China is planning to expand it, and that means a huge market as well as business opportunities." Slovak Ambassador to China Duchamp Berra made a pitch for Slovak enterprises in the aviation industry at the opening ceremony. He expressed the hope that an increasing number of Slovak and Chinese companies would begin cooperation projects in the aviation field, the China Daily reports.

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CHINA NEWS ROUND-UP

Profits of major industrial enterprises increase in first half

Major Chinese industrial firms – those with an annual business turnover of at least CNY20 million – **posted a 66.9% gain in first-half earnings**, and an average annual growth of 20.6% over the past two years. China's industrial production recovered steadily in the first half of the year, with corporate operations recording continuous improvement and growing profits, the National Bureau of Statistics (NBS) said. Over 70% of major industries reported profit levels higher than in the pre-Covid-19 period. Mining and raw materials reported remarkable profit growth, surging 133% and 183% year-on-year, respectively. The profit of advanced manufacturing companies rose 62%, while for consumer goods manufacturers the growth rate was 38.6%. High-tech firms and equipment manufacturers, as well as new-energy vehicle (NEV) manufacturers also reported increased profits.

"Private and smaller companies posted a comparatively slower recovery," Zhu Hong, Senior Statistician at the NBS, said. Surging bulk commodity prices put rising cost pressure on downstream firms, and there were weaknesses in the industry and supply chains, Zhu added. Total profit of China's industrial enterprises will maintain double-digit growth, given the nation's relatively relaxed monetary and fiscal policies and buoyant export markets, Tian Yun, former Vice Director of the Beijing Economic Operation Association, told the Global Times. China's central bank announced a reserve requirement ratio (RRR) cut of 50 basis points for eligible financial institutions from mid-July to support the real economy, through which CNY1 trillion in long-term funds will be released.

Wang Tao, Chief China Economist with UBS Investment Bank, said China's fiscal policy is expected to ease compared with the first half, with local government bond issuance accelerating and fiscal expenditure picking up speed. A more proactive fiscal policy will help shore up infrastructure investment and buffer the rising downside risks brought by lingering uncertainties surrounding Covid-19 that could inhibit the recovery in consumption, as well as a possible softening in export growth, Wang said. According to Wang, even with moderate fiscal support in the coming months, **the Chinese economy is still expected to grow by about 8.5% for the full year**, far above the government's minimum target of 6%.

China sets economic policy for the year's second half

Chinese authorities formulated the key economic policy for the second half of this year, stressing the need to bolster the efficiency of the proactive fiscal policy and support the sustained recovery of smaller firms and struggling sectors with sufficient liquidity. The nation will maintain its macro policies and keep major economic indicators within a proper range, according to a statement released after a meeting of the Political Bureau of the Communist Party of China (CPC). Xi Jinping, the nation's President and CPC General Secretary, presided over the meeting. The tone-setting meeting came after China's

economy expanded 12.7% year-on-year in the first half of 2021, with the nation's GDP up by 7.9% year-on-year in the second quarter.

The meeting highlighted an increasingly complex and challenging external environment, with the Covid-19 pandemic continuing to evolve and **the domestic recovery remaining unsteady and unbalanced**. The meeting reiterated the importance of acting on the general principle of pursuing progress while ensuring stability, faithfully and comprehensively carrying out the new development philosophy, deepening supply-side structural reform and accelerating the new development paradigm.

The meeting pledged to maintain the exchange rate of the yuan at a reasonable level and to ensure the stability of the supply and prices of bulk commodities. Policymakers pledged to accelerate the growth in new-energy vehicles (NEVs) and step up the development of rural e-commerce and logistics delivery systems. Fundamental research should be strengthened, they said. A special action plan will be released on industry and supply chains, with quicker measures to resolve bottlenecks, they added. China will continue to pursue high-level opening-up and make steadfast efforts to promote the high-quality building of the Belt and Road. The meeting urged a faster rollout of an action plan to achieve peak carbon emissions by 2030, with measures to curb the blind development of projects with high levels of emissions and energy consumption.

To overcome risks in key sectors, **policymakers stressed the need to evaluate risks and to improve the oversight of businesses going public overseas**. For the real estate sector, they reiterated the policy that housing is for living in, not for speculation, saying that land prices, real estate prices and market expectations must be stabilized and the development of rental housing, coupled with supportive policies in terms of land use and taxation, must be accelerated. The meeting underlined the necessity to help college graduates and rural migrant workers find jobs. Employment security for workers on flexible payrolls must be improved. Supportive policies to carry out the third-child policy will also be implemented. The nation must ensure the prevention and control of the Covid-19 pandemic without any complacency, and continue to move forward with vaccination efforts, they added, as reported by the China Daily.

Number of Chinese companies No 1 on Fortune Global 500

The number of Chinese companies, including those from the Hong Kong Special Administrative Region (SAR) and the island of Taiwan, **stood at 143 on the Fortune Global 500 list for 2021, making China No 1 on the list for a second consecutive year**, the Global Times reports. The Chinese mainland and Hong Kong SAR have a total of 135, up by 11 from last year. The U.S. is up one with 122, and Japan held steady with a total of 53. The Fortune Global 500 is an annual ranking of the top 500 enterprises worldwide as measured by business revenue. Last year, the number of Chinese companies stood at 133, the first

time China's number surpassed that of the U.S. China's State Grid Co climbed to the second position on the Fortune Global 500 list for 2021, while Huawei ranked 44th, up from 49th in the previous year, despite U.S. government sanctions on the company. Walmart claimed the top spot for the eighth consecutive year and the 16th time since 1995.

There are a total of 45 new and re-listed companies in the Fortune Global 500 ranking this year, of which 18 are new and re-listed Chinese companies, including China State Shipbuilding Corp, Zhejiang Rongsheng Holding Group, Zhejiang Hengyi Group, and Sunac China Holdings Co. Seven internet-related companies are on the list this year, including Amazon, Alphabet and Facebook of the U.S., along with China's JD.com, Alibaba Group, Tencent Holdings Co and Xiaomi Group. The rankings of internet companies generally improved, compared with last year. **The largest increase in the rankings was for Xiaomi Group, which rose by 84 places.**

Although the coronavirus pandemic in 2020 caused difficulties in business operations, the average revenue and profit of Chinese companies on the list were basically unchanged from 2019. The average profit of 135 Chinese mainland companies (including Hong Kong) on the list was about USD3.54 billion. Overall, the operating income of the world's top 500 companies on the list was about USD31.7 trillion, down 5% from last year, and the total net profit was USD1.6 trillion, down 20% year-on-year, the biggest drop since 2009. Apple netted USD57 billion in profits, and is the Fortune Global 500's most profitable company, the Global Times reports.

Global asset management companies (AMCs) set up offices in Lujiazui

Nine well-known global asset management companies (AMCs) signed agreements with the local government to set up their offices in Lujiazui less than two weeks after the central authorities said Shanghai's Pudong New Area should pioneer higher level reform and opening-up. Among the nine AMCs are T. Rowe Price, a U.S. firm that manages USD1.5 trillion worth of assets; Aegon, the Netherlands' largest asset manager; Charles Schwab, a prominent U.S.-based personal financial services provider; and Alter Domus, Luxembourg's largest fund and corporate services provider. Pudong has been tasked to serve as a strategic link between the domestic and international markets and to further develop its financial markets and products. Pudong's Party Secretary Weng Zuliang said the further development of local financial services is essential to consolidate the area's role as a strategic link.

Therefore, Pudong should grow into a hub for the world's top AMCs. So far, nine of the world's top 10 AMCs have set up operations in Lujiazui. **Over 90% of the foreign AMCs operating in China are based in Pudong.** A global asset management partnership program with 82 members was also unveiled in Pudong. It aims to facilitate cooperation among various financial institutions and strengthen communication between domestic and international AMCs, said Yang Chao, Deputy Director of the Pudong New Area. Lisa Hunt, Director of International

Services for Charles Schwab, said the numerous encouraging policies and measures announced in the latest guideline will support the development of Pudong as a demonstration zone for high-level reform and opening-up. The program will enable Pudong to take the next step to become "a pre-eminent center of international finance", she said.

Thomas Poullaouec, Director of Multi-asset Solutions at T. Rowe Price Asia-Pacific, said China is a very promising market for both domestic and international investors. Aegon Asset Management's CEO Bas NieuweWeme echoed Poullaouec's views. Aegon, he said, is allocating more and more resources to raise funds from its global client base to invest in China. On June 11, BlackRock, the world's largest AMC, received the green light from the Chinese regulator to set up a wholly-owned mutual fund business in China, making it the first of its kind in the country. With an office in Lujiazui, BlackRock is preparing to launch its first batch of products with the newly approved wholly owned entity, said Zhang Chi, General Manager of BlackRock Fund Management Co, the parent company's local unit. "As a licensed institution, we are now not only able to sell our products to Chinese investors but also bring our experiences in investment and risk management, as well as many mature global practices to the Chinese market, he said, as reported by the China Daily.

Beijing's economy saw steady growth in first half

Beijing's economy saw steady growth in the first half of the year, supported by the strong performance of pillar industries, a buoyant market, greater consumer confidence, and new growth drivers such as 5G projects. **The capital saw its GDP expand by 13.4% in the half year** to CNY1.92 trillion. The value added of the city's secondary industry jumped 32.5% to CNY329.3 billion. Meanwhile, that of its tertiary industry increased by 10.1% to reach CNY1.6 trillion. The city's investment in fixed assets during the period grew by 9.2% year-on-year. The per capita disposable income of local residents hit CNY38,138, up 10.3% over the previous year in nominal terms. "These figures indicate a steady recovery of Beijing's economy in the first half year," said Zhu Yannan, Deputy Director of the Beijing Bureau of Statistics. "Key industries laid a solid foundation for the recovery," she explained. **The pharmaceutical and electronics sectors – two of the city's pillar industries – delivered more than 80% of the growth.**

Beijing's new economy was another contributor to the recovery, according to Zhu, contributing 40.9% of its GDP, which was 2.4 percentage points higher over the same period of last year. Investment in new infrastructure accounted for 9.4% of the total investment in the city in the first six months, up 1.8 percentage points year-on-year. Projects in the fields of 5G, the Internet of Things (IoT) and data centers experienced accelerated growth, Zhu said. The collective revenue of online activities – including sports, education, entertainment and healthcare – increased by 35.3% from January to May.

Beijing's consumption posted strong growth in the first half of the year, increasing 22.1% during the period. The level

of consumer confidence stayed high in the second quarter, with the consumer confidence index hitting 123.6. “The amount of money Beijing residents spent on tourist attractions was double the 2020 level. Expenditure on tickets to movies, plays and performances tripled from a year ago,” Bian Jing, Spokesman for the Survey Office of the National Bureau of Statistics in Beijing said. Beijing’s economy is expected to keep up the momentum in the second half of the year, the China Daily reports.

CATL launches sodium-ion battery

Contemporary Amperex Technology Co (CATL) unveiled what it said might be the world’s first sodium-ion battery, a new type of rechargeable battery similar to the commonly used lithium-ion battery. It could become a cheaper and resource-saving alternative to lithium-ion batteries. According to Huang Qisen, Deputy Director of the CATL Research Institute, CATL’s sodium-ion battery can reach an energy density of 160 Watt-hour/kilogram, currently the highest level in the world in this class of batteries, but relatively low when compared with that of lithium-ion batteries. CATL’s sodium-ion battery can be charged to 80% capacity in about 15 minutes at room temperature. The discharge retention rate will still be above 90% in environments with temperatures below -20°C. “Sodium-ion batteries are compatible and complement lithium-ion batteries,” said Robin Zeng, Chairman of CATL, in an online launch event. “We believe that the world of electrochemistry is like the energy cube, where there are still a lot of unknowns for us to discover,” he said.

CATL also announced the launch of the AB battery system,

which can integrate the use of sodium-ion and lithium-ion batteries to meet a range of needs. CATL also said it is developing the next-generation sodium-ion batteries with an energy density of over 200 Wh/kg. It has already started industrial deployment of its sodium-ion battery and plans to form a basic industry chain in 2023. The Ningde, Fujian province-based company supplies batteries to automakers including Tesla, Volkswagen and Geely. “One of the important reasons for CATL’s development of sodium-ion batteries might be that there is a high risk in the lithium-ion battery industry chain due to the country’s high dependence on overseas sources,” said Shao Yuanjun, Senior Analyst with CCID Consulting.

According to the U.S. Geological Survey, Argentina, Bolivia, Chile, Australia and the United States have the world’s largest lithium resources. “With shortages in China, the prices of raw materials for lithium-ion batteries will skyrocket, which will have an impact on the industry chain. CATL’s move on sodium-ion batteries suggests the company is prepared to increase the diversity and choice of products in advance,” Shao said. The performance of sodium-ion batteries is between that of lithium-ion batteries and lead-acid batteries. “With the gradual reduction in costs, sodium batteries may replace lead-acid batteries in low-speed electric vehicles and other fields,” he said. GF Securities predicted that domestic demand for potential applications of sodium-ion batteries will be in the order of 123 gigawatt hours, with sales revenues of around CNY53.7 billion by 2025. However, GF Securities also stated the energy density of sodium-ion batteries is only about 50% of lithium-ion batteries, and the potential for sodium-ion batteries’ commercialization remains to be explored, the China Daily reports.

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