China Business Weekly

17 August 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: "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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Webinar: Meeting with the Consul Generals in China
September 7, 2021, 09h30 – 10h45

The Flanders-China Chamber of Commerce (FCCC) is organizing an exclusive meeting with the **Consul Generals of Belgium in China**, Mr. Bruno Jans, Mr. Luc Truyens and Mr. Peter Robberecht. They will deliver a speech on the economic prospects in Shanghai, Guangzhou and Hong Kong.

This webinar will take place on **September 7**, 2021 at **09h30**.

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

This event is a members' only event.

Program:

9h30-9h35: Introduction by Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce;

9h35-10h30: Speeches on the economic prospects in Shanghai, Guangzhou and Hong Kong by the Consul Generals, Mr. Bruno Jans, Mr. Luc Truyens and Mr. Peter Robberecht;

10h30-10h45: Q&A session.

Practical information:

Date and time: September 7, 2021, 09h30-10h45

Location: Online

Price for members: Free

This is a members' only event.

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HEALTH

Number of daily locally transmitted Covid-19 cases dropping

On August 10, 108 locally transmitted Covid-19 cases were reported to have been detected in China the previous day, the first time the number exceeded 100 on a single day in more than six months. But since then, the number of reported locally transmitted cases has been dropping in subsequent days to 83, 61, 47, 30, 24, 13 and to 6 on August 17. Only Yangzhou city in Jiangsu province is still reporting a half dozen locally transmitted cases, while outbreaks in other cities have been largely stamped out. Nanjing, capital of Jiangsu province, where the latest resurgence first started and which has recorded 235 cases in total, has not seen any new infections for three days in a row. It is expected that China will see nearly zero infections no later than the end of August.

Experts predicted that this latest wave of domestic cases is expected to be controlled by the end of August and the outbreaks won't lead to a bigger nationwide epidemic, given the strong response and expanding vaccination coverage. Yangzhou – where the most cases were reported – and other cities such as Zhangjiajie, Zhengzhou and Wuhan have conducted one or more rounds of city-wide testing. Positive cases are sent to hospital and their contacts are put in quarantine for medical observation. Subsequent cases are mostly found among the people already quarantined.

Guangdong province has penalized 20 local officials for dereliction of duty in dealing with the local Covid-19 outbreak in May and June. About 50 officials were punished in places which saw flare-ups connected to the delta variant, including Nanjing, Yangzhou and Zhengzhou. So far, more than 3,000 officials nationwide have been punished for poor performance in epidemic prevention and control.

Amid a Covid-19 resurgence in multiple provinces across China, **many cities are promoting large-scale vaccination for minors aged 12-17** on a voluntary basis during the summer holiday, in a bid to ensure that the new semester starts normally on September 1. Some districts in Beijing launched vaccinations for high-school students (aged 15-17) on July 20 and junior high schoolers (aged 12-14) in early August. As of August 10, Beijing had administered 37.7 million doses of Covid-19 vaccines, of which 477,900 were given to people aged 12-17. Teachers, students and staff members in low-risk areas in Beijing are asked to avoid travel to medium- and high-risk areas, avoid gatherings, conduct health monitoring, and return to school on time. Shanghai announced that 600,000 teenagers between 12 and 17 will be allowed to take part in the country's free and voluntary Covid-19 vaccination program. An official of the Ministry of Education said that it is necessary for teenagers to get vaccinated under the current circumstances.

China's record 777-member delegation to the Tokyo Olympic Games returned safely with "zero" Covid-19 infections, and many netizens believed China's strict epidemic measures contributed to the Chinese team's best results in an overseas Olympics, according to the Global Times. As the February 2022 Beijing Winter Olympics approach, Chinese athletes and health professionals are confident that China could successfully hold this major event while preventing Covid-19 flare-ups in Beijing and surrounding cities with precise precautions. Wang Jianquan, Peking University Third Hospital doctor and chief medical expert of the Chinese delegation to Tokyo, said that individual awareness of the need for protection, the prevention and control system of the delegation, and the strong sense of discipline of the Chinese athletes fully demonstrated China's advantages in epidemic prevention and control at the Tokyo Olympics.

Operations at the Meishan wharf at Ningbo Zhoushan Port in Ningbo, Zhejiang province, were suspended starting last week, with cargo ships originally bound for the port being redirected to neighboring ports, after an employee of the Meishan wharf tested positive for the coronavirus – the first case at a Chinese port in three months. The case is likely to cause serious delays in the shipment of containers, in particular to the U.S. and Canada. Industry insiders predict that the waiting time for containers to be loaded onto ships could be extended to more than a week, from the usual one to two days. "It could delay everything, from the supply of raw materials and bulk commodity imports that are key for China's manufacturing, to exports of electronics, medical gear, and even gifts and toys for the Christmas holidays," one employee said.

A print version of Shanghai's health QR code, or the Suishenma digital ID, has been released for the convenience of senior citizens, especially those who don't have a smartphone. Local residents aged over 60 can apply for the "offline Suishenma," which is printed on a piece of paper, at community service centers. Inspection staff can scan the printed code, which is valid for 180 days, with their Suishenban app to check the three-color health code of the holders, the same as the mobile version. The code was initiated in February 2020 to check the travel history of individuals during the Covid-19 pandemic. It later became the digital ID for citizens and companies due to its convenience and efficiency. Foreigners and those from Hong Kong, Macao and Taiwan can also apply for Suishenma and enjoy eligible services. The QR code has been used more than 3.7 billion times by some 54 million

people as of late last month, according to the city government, the Shanghai Daily reports.

The resurgence of Covid-19 in China prompted some economists to revise their GDP growth forecasts for China. U.S. bank Goldman Sachs has cut its quarterly growth forecast for China to 2.3% in the third quarter from its earlier prediction of 5.8% and cut its full-year projection to 8.3% from 8.6%. JP Morgan also reduced its forecast for China's year-on-year GDP growth in the third quarter to 6.7% from 7.4% and reduced its full-year projection to 8.9% from 9.1%. Despite the downgrades, most economists say that China is capable of maintaining an annual growth rate of above 8% this year, higher than the government's annual target of more than 6%.

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

AUTOMOTIVE

Sales of new energy vehicles booming

More than 1.2 million NEVs were sold in the first half of this year, of which around 80% were electric cars – a rise of over 200% from the same period last year. By the end of June, there were 6.03 million NEVs on China's roads, according to the China Association of Automobile Manufacturers (CAAM). The proportion of NEVs of total new vehicle sales rose to 9.4% by the end of June, up from 5.4% for the whole of last year. The popularity of NEVs is even more apparent when it comes to family cars, including sedans, sport utility vehicles (SUVs) and multi-purpose vehicles (MPVs). The China Passenger Car Association (CPCA) said sales of electric and plug-in hybrid family cars reached 1.1 million in the first six months of this year, accounting for 46.5% of the global total. Europe, which is stepping up its electrification campaign, came second with 38.2%, followed by the United States with 11.5%. Analysts at Everbright Securities estimate that NEV sales in China could reach 2.7 million this year, thanks to growing demand, manufacturers rolling out new vehicles, and the nation's firm commitment to the sector. According to global consultancy Accenture, in China, some 68% of people owning cars fueled by gasoline said they would buy an NEV as their next vehicle.

Support for accelerating development of the sector was announced after a meeting of the Political Bureau of the Communist Party of China (CPC) on July 30. Fu Yuwu, Honorary Chairman of the China Society of Automotive Engineers, said he was "excited and exhilarated to learn of this momentous decision". "It will prove to be another big boost to the already fast-developing NEV industry," Fu said in an interview with China Automotive News. He added that the focus will not only be on increasing market size, but also on **making breakthroughs in core technologies to help China consolidate its leading position in the market**. Qin Lihong, President of Chinese electric car startup Nio, said support for the sector shows its strategic importance, paving the way for further development. "Chinese companies are already at a great starting point and we should seize the opportunities to prepare for competition in the next 10, 20 or even more years to come," he said.

In 2009, China started to develop the sector in earnest at a time when many other countries thought it was too early to do so. **NEVs are expected to account for 20% of new car sales in 2025, rising to 40% in 2030 and 50% in 2035.** Thanks to a clear strategy and generous subsidies, China has been the leading market for electric cars and plug-in hybrids since 2015. Its first mover advantage and vast market have seen local companies enhance their reputations globally. For example, BYD, which is backed by U.S. investor Warren Buffett, sells its buses worldwide, while leading battery maker CATL sells its products to car companies such as BMW and Daimler.

Chinese electric car startups, including U.S.-listed Nio and Xpeng Motors, are now serious challengers to Tesla in terms of brand awareness and products. Since its launch in July last year, the Wuling Hongguang mini car, with its styling and affordability, has been the most popular electric vehicle in China. Company Representative Duan Yan said more than 200 car dealers from around 70 countries and regions said they wanted to sell the model if it was exported. International carmakers are tapping into the Chinese market and manufacturing expertise. Volkswagen, which is launching five electric car models in China this year, expects its combined sales to reach 100,000 units by the end of December. Tesla is busy building charging infrastructure for a rising number of Chinese customers. Annual capacity at its Shanghai plant, which started production in late 2019, has just been raised to 450,000 vehicles to become its primary export hub.

Chinese companies are cooperating with their European counterparts. In 2019, construction began on a CATL manufacturing plant in the German state of Thuringia. The company said local production of battery cells would start in the second half of next year. Meanwhile, Gotion High-tech Co, based in Anhui province, will act as a technology partner to help Volkswagen produce battery

cells at the carmaker's plant in Salzgitter, Germany. Gordon Executive Roy Lu said that "Europe is trying to catch up in terms of battery technology, so local carmakers and governments want to invite competent companies over to help boost the sector." Another Chinese company, Envision AESC, will build a USD2.4 billion battery plant in France to supply Renault. Envision aims to produce 9 gigawatt hours of batteries in France in 2024 and 24 GWh by 2030. Volkswagen is working on advanced driver assist functions with China's DJI, which is better known for its drones.

Statistics from the China Passenger Car Association (CPCA) show that **46% of electric models on the market are mini and subcompact vehicles**. This means there are few choices for middle-class owners considering, for example, replacing a Volkswagen Sagitar, Ford Focus or Buick Lavida with an electric car. Volkswagen Group China CEO Stephan Woellenstein said if the current "dumbbell-shaped pattern" does not develop into an "olive-shaped one", as seen in the gasoline market, it will be difficult for China to realize the goal of new energy vehicles accounting for 40% of total car sales by 2030. "If we want new energy vehicles to become the new normal, we need normal new energy vehicles," Woellenstein said.

The market situation has already started to change. Chinese and international carmakers operating in China plan to launch 54 NEV models this year, most of them for the mainstream market, according to Everbright Securities. Nio's Qin said that while most carmakers are starting to offer electric vehicles, **being electric alone is not enough to survive in an increasingly competitive market**. "The next litmus test lies in whether these vehicles are smart, with autonomous driving as the most prominent feature". Nio said China should place greater emphasis on chip design and production, as smart vehicles will require more-advanced semiconductors than those powered by gasoline. Wang Jun, head of Huawei's smart car business unit, said the company is working on offering driverless solutions, which are expected to be announced around 2025, after which the emphasis will be on smart onboard functions, the China Daily reports.

In July, five carmakers in China sold over 10,000 NEVs, according to the CPCA. BYD ranked first at 51,000 units. It was followed by Tesla, whose deliveries reached almost 33,000 units. SAIC-GM-Wuling came third at 27,000 units. GAC's Aion and SAIC each sold over 10,000 units in the month.

IT & TELECOM

Xiaomi aims to become the world's largest smartphone brand, Honor launches Magic 3 handset

Xiaomi Corp aims to outcompete South Korea's Samsung to emerge as the world's largest smartphone brand by shipments in three years. Xiaomi became the world's No 2 smartphone maker in the second quarter of 2021. Data from Canalys, a market research provider, showed that **Xiaomi is now ahead of Apple in the global smartphone market**. This is the first time that Xiaomi finds itself behind only Samsung. Analysts said Xiaomi has posted substantial growth in overseas markets after Huawei Technologies Co's smartphone business was crippled by U.S. government restrictions. The company will likely focus on building a firm presence in the high-end smartphone market. Lei Jun, CEO and Founder of Xiaomi, attributed the company's lead over Apple in shipments to consumers' love and support. Xiaomi will step up efforts to safeguard the No 2 position even as it makes a bold bid for the No 1 position over the next three years, he said.

Last week, Xiaomi lifted the curtain on its **latest flagship handset Mi MIX 4** in China, featuring cutting-edge technologies such as an under-display camera. Priced from CNY4,999 in China, the Mi MIX4 series is the company's latest push **to expand its presence in the premium segment**. Xiang Ligang, Director General of the Information Consumption Alliance, said Xiaomi is growing rapidly in overseas markets as it intensifies investments; and it will likely benefit a bit from Huawei's decline in western Europe and other regions. Nabila Popal, Research Director for mobile and consumer device trackers at International Data Corp (IDC), a market research provider, said Xiaomi's smartphone shipments hit a record 53.1 million units in the second quarter of this year, up nearly 87% year-on-year.

Analysts said though Apple moved to the third spot in terms of smartphone shipments in the second quarter, the company has seen incredible growth in China, especially in the premium segment. Huawei used to have a significant share in the high-end smartphone segment in China, and with its massive decline, Apple remained the best option for consumers in this segment, Popal said. In the first quarter, Apple had a 72% share of the above-USD800 segment in China, with Huawei's share falling to just 24%.

Xiaomi also presented a new quadrupedal robot called CyberDog, marking the company's entry into the four-legged robot market. The robot can also respond to voice commands, including recognizing wake-up words and instructions, and can be controlled using a connected smartphone app, the China Daily reports.

Meanwhile, Smartphone maker **Honor launched the Magic 3 handset series aimed at the high-end market** after its split from Huawei. Featuring the powerful Qualcomm Snapdragon 888 Plus 5G Mobile Platform, the latest smartphone in the Magic Series showcases its most innovative ideas, said the firm. Honor said it has invested heavily in R&D, with four R&D centers and over 100 labs worldwide, filing over 5,500 new patent applications to date, and quickly re-establishing strategic partnerships with some of the world's top suppliers. "The Magic 3 has the important task of regaining lost ground and competing with other flagship models," Jiang Jun, a veteran industry analyst, told the Global Times. "Since the new series uses Qualcomm's most advanced chip – the Snapdragon 888 Plus – it shows Honor has officially established connections with mainstream suppliers and finished its restructuring after its spin-off from Huawei," Jiang said.

Huawei officially announced the divestment of the smartphone sub-brand Honor in November 2020. The sale included all the assets of Honor, and Huawei doesn't hold any stake in the new company. In May and June, Honor's sales grew 39% and 27% month-on-month, respectively. Honor's market share is moving toward a full recovery, according to market research company Counterpoint. Honor's foray into the high-end market may erode Apple's market share in China, and retake Huawei's lost ground in both the domestic and overseas markets, the Global Times reports.

CHINA NEWS ROUND-UP

E-commerce platform Ymatou offers supplies for live-streaming

Ymatou, a Shanghai-based cross-border e-commerce platform, is beefing up efforts **to provide supplies to live-streaming platforms and key opinion leaders (KOLs)**. Ymatou said it is banking on China's rapidly growing segment of e-commerce via live-streaming to explore new opportunities. The company announced it has established a live-streaming supply chain department, which is to offer overseas products, bonded warehouses, cross-border logistics, Customs clearance and luxury products authentication. E-commerce that incorporates live-streaming has been gaining traction in China since the outbreak of the Covid-19 pandemic, as hundreds of millions of Chinese consumers were confined indoors and offline shopping moved online. "At present, the supply chain of products has become a key factor restricting the development of e-commerce via live-streaming," said Zeng Bibo, Founder and CEO of Ymatou, adding that the pandemic has directly driven the integration of live-streaming and cross-border e-commerce, given that Chinese consumers could not go abroad to buy overseas products. According to Zeng, Ymatou has collaborated with short-video sharing platform Douyin and some KOLs, who promote products to their audiences through live-streaming.

The gross merchandise value of cross-border trade on Douyin has surged 200% per month. Zeng said Ymatou plans to cooperate with more live-streaming platforms, multichannel networks and KOLs, make more efforts to optimize the supply chain, improve the efficiency of logistics and distribution, and enhance consumer service. **Sales revenue of China's live-streamed e-commerce sector reached CNY961 billion last year, and is expected to rise to CNY1.2 trillion this year**, according to a recent report from market consultancy iiMedia Research. China's cross-border e-commerce sector has been growing exponentially over the past few years as the country's middle and high-income shoppers are demanding increasingly diversified and personalized products and services.

Founded in 2010, Ymatou is a consumer-to-consumer (C2C) marketplace engaged in crossborder e-commerce. So far, the site has over 116 million users in 627 cities in China and employs more than 100,000 overseas buyers in 83 countries, including the United States, the United Kingdom, Japan, South Korea and Australia. "Live-streaming offers a new operation model for online marketplaces, and could settle the problem of information asymmetry," said Chen Tao, Analyst with internet consultancy Analysys in Beijing. Shopping via overseas live-streaming services could offer detailed product information to domestic consumers. The current trend is that more cross-border online retailers will cooperate with live-streaming platforms, the China daily reports.

China's economic growth slows down in July

China's economic growth slowed down in July, with several key indicators, including retail sales and industrial production, falling short of market expectations, underscoring the multiple constraints the economy faces – ranging from the sudden Covid-19 delta variant outbreak and floods, to a spike in bulk commodity prices and flattening overseas demand. The Chinese government noted that since the second half of July, the country has been confronted with extreme weather-induced floods and Covid-19 flare-ups across many provinces, compounded by volatility in major commodity prices and a complicated international economic context. While the fallout of clustered coronavirus infections is likely to continue to weigh on the August economic performance, the second half of 2021 will see China's economic recovery

momentum continue to pick up, analysts said. For the full year, **China remains firmly on track to achieve an over 8% growth**, well above the official target of above 6%.

In July, retail sales grew 8.5% year-on-year to CNY3.49 trillion, the National Bureau of Statistics (NBS) said, compared with a 12.1% surge in June. Fixed-asset investment (FAI) rose 10.3% year-on-year in the first seven months to CNY30.25 trillion, slightly down from 12.6% in the January-June period. Industrial output posted a 6.4% gain year-on-year in July, down from the 8.3% rally in June. NBS Spokesperson Fu Linghui said that China's economy sustained its steady recovery momentum in July and major economic readings remained within a reasonable range, adding that the recovery is still unstable and uneven. He predicted that after high-speed growth in the beginning of the year, China's GDP growth will gradually slow down throughout the year.

“There was an obvious moderation of growth in July due to the larger base last year and easing marginal effect of main economic drivers, which show that China's economy is transiting from a rapid stage of recovery to a more modest rebound,” Hu Qimu, Chief Research Fellow at the Sinosteel Economic Research Institute, told the Global Times. Investment in high-tech industries is seeing signs of a ramped-up recovery. In July, it jumped 20.7% year-on-year. In particular, investment in high-tech manufacturing and high-tech services rose 27.1% and 8.8%, respectively.

Digitalization becomes major trend in catering sector

Digital technologies are reshaping China’s traditional catering industry, as large catering enterprises are increasingly investing in digitalization and small and medium-sized companies ramp up efforts in digital transformation, a recent report said. The report, issued by Beijing-based research consultancy Acewill, said digitalization is the current main trend in China’s catering industry. Kong Lingbo, Founder of Acewill, said: “No matter which type of business mode, or what kind of cuisine, the propelling engine for the rapid growth of catering chain stores is digital transformation. “The ambition of every entrepreneur is different. However, the route of digital transformation is the same. The digitalization trend in the catering industry is gaining momentum.” Data from the National Bureau of Statistics (NBC) show that in 2020, despite challenges brought by Covid-19, China’s catering industry revenue totaled nearly CNY4 trillion, and digital catering took up an increasing share.

In recent years, a great number of catering chain stores have been embracing digitalization. **Hotpot chain Haidilao launched a smart restaurant in Shanghai in April.** Apart from dish-serving robots, robotic arms manipulate raw materials in warehouses. The restaurant also adopted the Insight Knowledge Management System to conduct real-time monitoring, management and maintenance of the entire unmanned back-stage operations. From ordering to serving, the dishes are produced automatically. Haidilao said the system can save nearly 37% of back kitchen labor costs. Heytea Go, an ordering app developed by China’s leading milk tea chain Heytea, acquired 6 million registered users in seven months after it was launched, and raised milk sales by 300%.

A report issued by on-demand service platform Meituan said **online food orders surged 107.9% on a yearly basis**. The report added that although Covid-19 struck China’s catering industry in 2020, online ordering in the catering industry quickly recovered to 2019 levels, and experienced explosive growth in the next seven months. “Online ordering on takeaway platforms, WeChat mini programs, catering platforms and brands’ self-built online ordering platforms have pushed the migration to online,” the Meituan report said. Catering enterprises are integrating online and offline, no longer limit services to physical restaurants, and extend their service range from within 100 meters to over 10 kilometers. Wang Donghao, an independent expert of digital catering, said that digital marketing helps enterprises capture consumer demand and collect user data. It also enables enterprises to more quickly satisfy consumer needs, the China Daily reports.

Shanghai's Lingang to focus on EVs, ICs and high-end equipment manufacturing

The Lingang Special Area of China (Shanghai) Pilot Free Trade Zone (FTZ) aims to become an epicenter of new-energy vehicles (NEVs), integrated circuits (ICs) and high-end equipment manufacturing by 2025, when its gross regional product is expected to be double the 2018 level, or an annual average growth of about 25%. The municipality's five-year development plan for Lingang aims to turn it into an influential and competitive zone in the global marketplace. The area, home to Tesla's Gigafactory Shanghai, would take the lead in making breakthroughs in multiple key areas and show the country's deep integration in economic globalization. The area is poised to capitalize on opportunities that result from the signing of the Regional Comprehensive Economic Partnership (RCEP) and serve as a testing ground for building up a more open economy.

In addition to plans to nurture three giant industrial clusters for NEVs, ICs and high-end equipment manufacturing worth CNY100 billion each, Lingang plans more investments in biopharmaceuticals, artificial intelligence and civil aviation. The area will also devote more resources into cross-border financial services, modern shipping services and digital information services. At least 10 top scientific laboratories will be set up in Ligang, with at least 100 top-caliber experts brought into the area. About 1, 000 high-tech firms will be set up.

Lingang was launched in August 2019, roughly six years after the launch of the Shanghai FTZ. It is located in southeast Shanghai, with Pudong International Airport to its north and Yangshan International Port to its south. Last year, the region's industrial output totaled CNY170.3 billion while its fixed-asset investment hit CNY61.82 billion, the Global Times reports.

Beijing to develop its southern districts

Beijing plans to invest CNY590 billion between this year and 2025 to develop its southern districts, which have already undergone massive changes in the last 10 years. The plan includes 260 major projects covering the education, healthcare, business and public welfare sectors, said Li Sufang, Deputy Director of the Beijing Municipal Development and Reform Commission. The rapid development of southern Beijing began in 2010 when the first round of the ongoing action plan was launched. For example, in Beijing's Daxing district, shopping malls, convenience stores and public parks have been multiplying. During the fourth round of the action plan for southern Beijing, one focus will be high-quality development around Daxing International Airport, aimed at promoting the area as a new driver of economic growth in the capital. In Daxing district's Lixian township, the Beijing Free Trade Zone's innovation service center is helping dozens of companies to moved in. The companies work mainly in biological medicine and finance, attracted by the center's policies that support international talent and offer convenient market supervision.

In addition to Daxing, Beijing's southern region includes three other districts: Fengtai, Fangshan and the Beijing Economic & Technological Development Area. Liu Li, Deputy Director of the development area, said it will strengthen cooperation with southern Beijing's other districts in industries like **smart manufacturing, intelligent new energy vehicles (NEVs) and logistics**. Zhou Xinchun, Deputy Director of Fengtai, said the district's Lize area, which is focused on the financial industry, will develop quickly in the next five years. Lyu Chenfei, Deputy Director of Fangshan, said the district will focus on culture and tourism over the next five years through a number of key projects, including a national panda breeding center, a wine country and a Lego theme park. GDP in the capital's southern region has grown from CNY229.6 billion to CNY559.2 billion over the last 10 years. The district aims to build four more CNY100 billion industrial clusters, covering the sectors of biotechnology and health, the new generation and innovative use of information technology, robotics and high-end equipment. Major new cultural facilities will also be built, including clusters of museums and an art center for the National Ballet of China, and new schools and hospitals will be added.

In addition, Beijing will also support the southern districts in creating more than 10,000 hectares of green space in the next five years through the renovation and construction of major wetlands and forest parks as part of its effort to become a national forest city, the China Daily reports.

China's major cities losing residents

China's population grew modestly over the past decade, but nearly half its major cities lost residents due to a variety of factors, data from the latest national census showed. Of China's 330-plus prefecture-level cities, 149 – or 44.7% – had smaller populations last year than in 2010. The cities with shrinking populations were scattered across 23 of the 31 provincial-level regions on the Chinese mainland, with most of them in northeastern, central and western China. Migration played a major role, said Jiang Quanbao, Demographer in Xian, in Shaanxi province, which saw populations shrink in seven of its 10 major cities. Seeking better-paid jobs or marriage opportunities were major reasons for population declines, along with falling birthrates.

The nationwide trend was most noticeable in the three Northeastern provinces – Liaoning, Jilin and Heilongjiang. More than 30 cities in the region saw their populations fall. Heilongjiang's 13 major cities all recorded contractions, losing nearly 6.5 million people, about 17% of their residents, over the past decade, the census data showed. **Only three cities in the Northeast gained residents: Shenyang**, Liaoning's provincial capital, **Changchun**, the capital of Jilin province, **and Dalian**, a port city in Liaoning. The region has long battled an exodus of younger people for reasons that include the depletion of natural resources and a relative lack of opportunities. That has created challenges, ranging from shrinking pension funds to slowing economic growth. The Northeast was a base for heavy industry in the 1950s. The coal-producing province of Shanxi faces the same problem. It lost almost 800,000 residents between 2010 and 2020, with contractions recorded in nine of its 11 major cities. Its coal mining industry has been impacted by the authorities' embrace of a greener development path.

Population loss has also been seen in the central provinces of Hubei, Hunan and Henan, and the eastern province of Anhui. Ten of Anhui's 16 major cities have seen their populations decrease, along with eight cities in Hunan and another eight in Hubei. The latest census data showed about 376 million, or **one in every four people in the Chinese mainland, were classified as migrants living outside their hometowns** in prefecture-level cities or regions, up 70% from a decade ago. Ding Changfa, Associate Professor of Economics at Xiamen University in Fujian province, said the capital cities of the central provinces had absorbed large numbers of migrants due to their roles as regional economic hubs.

For example, Changsha, capital of Hunan, had gained more than 3 million people to reach a population of more than 10 million. Xi'an, Shaanxi's provincial capital, gained almost 3.9 million people. Jiang Quanbao, Professor at Xi'an Jiaotong University, said provincial capitals appeal to migrants because they offer more opportunities and have introduced policies designed to attract talent, the China Daily reports.

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

Contact

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Share your story

To send your input for publication in a future newsletter mail to: info@flanders-china.be
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