

China Business Weekly

14 September 2021



FLANDERS-CHINA CHAMBER OF COMMERCE
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

FCCC/EUCBA ACTIVITIES

Webinar: "How to mitigate currency risk when trading with China"
September 29, 2021 at 15:00 CET



The Flanders-China Chamber of Commerce (FCCC) and Ebury are organizing – with the support of Flanders Investment and Trade – a webinar on **How to mitigate currency risk when trading with China** on **September 29 at 15:00 CET**.

Key takeaways of this session will include:

- Chinese yuan/CNH/CNY/Renminbi: What's in a name?
- Practical tips on how to tackle currency risk when trading with China
- Demystify the issues around getting money out of China

With China's rapid rise, its currency also took a more prominent place in the China-West cross-border trade. The increasing volatility of the Chinese yuan has significantly impacted companies trading with China. The Flanders China Chamber of Commerce (FCCC) and Ebury are organizing this webinar to inform you on these developments. Furthermore, Kwimex Trading Company NV will provide a testimonial on how to improve your margins and supplier relationships by using CNY.

Agenda:

15:00 - 15:15: Introduction – presented by Gwenn Sonck (Executive Director, FCCC) & Kris Mercelis (Country Manager Belgium, Ebury)

15:15 - 15:45: Trading with China: how to mitigate currency risk – presented by Isabel Ye (Director of China Initiatives, Ebury)

15:45 - 16:00: Company testimonial: Kwimex Trading Company NV

16:00 - 16:10: Q&A

Practical information:

Date and time: September 29, 2021, 15:00-16:00

Location: Online

Price: Free

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ACTIVITIES SUPPORTED BY FCCC

Flanders Investment & Trade's participation in the China High Tech Fair 11 to 17 November 2021 – Shenzhen

Flanders Investment & Trade (FIT) will participate in the **China High Tech Fair Shenzhen** with a limited reception booth and a Product Sample Booth (PSB).

Why participate?

The China High Tech Fair (CHTF) is the largest and most influential science and technology fair in China. Known as the “No 1 Technology Show in China”, the Fair every year has almost 3,000 participants from more than 50 countries and more than 500,000 visitors. Flanders Investment & Trade will participate for the first time this year. Next to HUB, Flanders Investment & Trade/Guangzhou office will have an info booth/PSB in the Belgian pavilion.

FIT Guangzhou will contact Chinese buyers and introduce and present the products to them. Interested buyers will be directly referred to your company.

Our offer

FIT will be present with a product sample booth (PSB) and a reception booth.

Product sample booth:

- A PSB is an alternative for a classic fair participation. It is an open space you share with other companies, so you can present your brochures, products and samples at a favorable price.
- Traveling to China is not possible in the current circumstances. To participate in this PSB you will need to send a local representative.
- You pay €500 (SME) or €1,000 (non-SME) as contribution to the organization costs.

Reception booth:

- FIT is providing a central reception point free of charge that can be used as an independent meeting point and as info/catalogue booth.
- You don't need to travel yourself, FIT Guangzhou is happy to represent you.
- We take care of your interests based on the promotion material (catalogues, posters, etc.) we receive.
- Feedback will be provided afterwards.

Registration before or on September 30 at the latest.

The Fair and FIT's participation is subject to the evolution of the Covid-19 situation.

More information and registration is available (in Dutch) [here](#).

Conference “China Healthcare Summit” – 16 to 19 November 2021 – Shanghai and online

On 16-19 November 2021 Biocentury and Bayhelix are organizing **the 8th edition of the China Healthcare Summit**. The annual China Healthcare Summit welcomes industry leaders, emerging companies, and financial and academic players in the care sector from China and other countries. It is a good opportunity for Flemish healthcare companies to get to know the most important healthcare trends in China and to open doors to the Chinese and Asiatic healthcare market.

This year the summit is being held in hybrid form, live in Shanghai and online. There will be panel discussions on several topics and several roadshow presentations. You will also get access to the 1x1 b2b platform and two exclusive reports on the biotech and medtech ecosystems by McKinsey & Co.

Flanders Investment & Trade this year also supports the participation of Flemish companies, following the previous successful editions during which several Flemish companies established cooperation with Chinese partners.

Flanders Investment and Trade is offering two support options. More info and the possibility to subscribe is available [here](#).

Registration is possible till September 24.

PAST EVENTS

Webinar: Meeting with the Consul Generals of Belgium in China – September 7, 2021



WEBINAR

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

**Meeting with the Consul Generals
of Belgium in China**

7 September 2021, 9.30 - 11 am

Bruno Jans
Consul General
in Shanghai

Luc Truyens
Consul General
in Guangzhou

Peter Robberecht
Consul General
in Hong Kong

The Flanders-China Chamber of Commerce (FCCC) – with the support of Flanders Investment and Trade – organized an exclusive meeting on **September 7, 2021** with the **Consul Generals of Belgium in China**, Mr. Bruno Jans, Mr. Luc Truyens and Mr. Peter Robberecht. They provided insights into the economic prospects in Shanghai, Guangzhou and Hong Kong.

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HEALTH

New Covid-19 outbreak in Putian, Fujian province; China to start production of mRNA vaccine and Covid-19 drug



The city of Putian in Fujian province – famous for its sneaker manufacturing – has reported 58 new confirmed locally transmitted Covid-19 cases and 21 asymptomatic ones in the past four days, casting a shadow over the upcoming National Day holiday travel. Around 20 of the cases involve children younger than 12 years. The virus spread among children at a local primary school. A Baidu “migration map” showing the most popular travel routes out of Putian between August 26 and September 11 reveals that most people traveled from Putian to nearby cities in Fujian, including Fuzhou, Quanzhou and Xiamen. Major cities in Guangdong province, such as Guangzhou and Shenzhen, also saw steady inflows from Putian, which has 3.2 million inhabitants. Covid-19 cases have now also been reported in the cities of Quanzhou and Xiamen. A working group led by Li Bin, Vice Chairman of the National Health Commission (NHC), arrived in Putian to guide the response to the outbreak.

The Putian local government asked residents to stay in the city and those who do want to leave must present a negative nucleic acid test taken within the previous 48 hours. Public venues such as cinemas, museums and libraries must suspend indoor activities. Restaurants should limit their operating hours, a notice from the local government said. Vaccination of teachers and students aged 12 to 17 in the city is expected to be finished before September 15. Experts suspected that the outbreak may have been caused by a patient who recently returned to Putian from Singapore. After arrival in China, he had undergone a 14-day quarantine in Xiamen and seven-day health monitoring at home, during which he took nine nucleic acid and serologic tests, which were all negative. However, afterwards he still tested positive.

China's first production base for an mRNA vaccine against Covid-19, which uses domestically produced core raw materials and equipment, is expected to be put into use in October. Experts said that this proved China had grasped the core mRNA vaccine technology, boosting the country's mass vaccination drive. Jointly developed by the Academy of Military Medical Sciences, Suzhou Abogen and Yunnan Walvax Biotechnology Co, the mRNA vaccine called ARCoVax is expected to go into mass production

in Yuxi in Yunnan province next month. With an investment of CNY520 million, the plant, China's first production base for an mRNA vaccine, has the capacity to produce 200 million doses annually. The vaccine only requires a single injection and could be stored at room temperature for a week or at 4°C for a long time, making it easier to use, as mRNA vaccines made by Pfizer-BioNTech and Moderna require much lower temperatures. ARCoVax has obtained approval to launch late-stage clinical trials in Mexico. China could in the future use the mRNA vaccine as a booster shot.

Chinese firm Sinopharm has gained approval to launch clinical trials of a Covid-19 drug based on human immunoglobulin derived from vaccinated people. The drug is the world's first Covid-19 therapy that uses plasma containing rich amounts of antibodies to fight off the coronavirus. The experimental medication is being developed by Beijing Tiantan Biological Products. Lab studies of a booster shot with CanSino's single-dose Covid-19 vaccine show a 78-fold increase in antibody levels. Taking CanSino's recombinant adenovirus vector Covid-19 vaccine as a booster shot after two doses of inactivated jabs is proven to be safe and significantly more immunogenic than taking an inactivated vaccine as a booster, Zhu Fengcai, China's top vaccine clinical trials researcher, told the Global Times. China has not started giving booster shots, but there are plans to give them to customs staff and individuals over 60 years old. Zhang Yuntao, Vice President of the China National Biotec Group (CNBG), said that using different types of vaccines should be encouraged for booster shots.

Construction work began in Serbia on September 9 on Europe's first production plant for a Chinese-developed Covid-19 vaccine. The plant will have the capacity to produce 30 million doses a year of a vaccine from Sinopharm, from April 2022. It is expected that supplies will go to Serbia and a number of other countries in the region. The foundation stone for the factory was laid by Serbian President Aleksandar Vucic in the presence of Chinese Ambassador Chen Bo. Vucic said that he was proud that Serbia, together with partners from China and the United Arab Emirates, was “trying and seems to be able to solve some global problems”. “This is not a partnership of interest but a proof of friendship,” he said. In January, Serbia started mass vaccinations with the Sinopharm vaccine.

After China resumed inter-provincial tourist travel, the number of trips during the upcoming October 1 holiday week was expected to reach 600 million. This is now uncertain following the recent outbreak in Fujian province, although experts predict the outbreak could be over by October 1

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

HIGH-TECH

Beijing showcases robot technology



Robot technology was on show at the **2021 World Robot Conference**, which opened in Beijing on September 9. During the event's opening ceremony, the three Chinese astronauts onboard the Tiangong space station greeted participants with a video message, in which they pointed out the profound impact of robotics on humanity in many ways, such as industrial production and many aspects of daily life. The astronauts said the 10.2-meter-long robotic arm attached to the core module of the Chinese space station has helped them perform their spacewalks. The arm is the most advanced and complex mechanical appendage China has ever developed, and it can carry up to 25 metric tons of weight, according to the China Aerospace Science and Technology Corporation.

This year's conference, the sixth since 2015, ran until September 13, and involved more than 300 scientists from China and abroad, as well as representatives from international organizations and companies. In a congratulatory letter to the first conference in 2015, President Xi Jinping said inventions in the field of automation have contributed to society since ancient times. Now, robotics has become a burgeoning sector represented by the smart manufacturing industry, and serves as a key testimony to modern science, technology and innovation, he said. China has made robotics and smart manufacturing the nation's research priority, and it is willing to collaborate with international peers to make better robots to serve the people and the nation's development, Xi added.

This year's exhibition area featured three major sections on industrial robots, service robots and specialized robots. More than 500 products from around 110 companies were on display, ranging from cleaning drones to explosives inspection robots. Another key exhibition area focused on the latest technological achievements in robotic parts, as well as how the use of robots is revolutionizing fields such as medicine, life sciences and agriculture. **The 2021 World Robot Contest Championship** was also held during this year's conference. Teams of engineers competed to design robotic appendages and medical rehabilitation robots, as well as create new programs to ensure improved human-machine interaction. This tournament is one of the biggest of its kind in China. Since its launch in 2015, more than 150,000 participants from more than 20 countries have taken part, the China Daily reports.

China has been the world's largest market for industrial robots for years. In 2018, industrial robots made in China accounted for 38% of the global production volume, data from the Ministry of Industry and Information Technology (MIIT) showed. Over 237,000 industrial robots were produced in China in 2020, up 19% year-on-year. The latest data from the National Bureau of Statistics (NBS) showed over 205,000 industrial robots were produced during the first seven months of this year, up nearly 65% year-on-year. Xu Guoqiang, Sales Director for the North China market at lightweight robot expert firm Rokae (Beijing) Technology Co based in Beijing, said the rapid growth of China's industrial robots was mainly driven by the swift adoption of robots due to mounting uncertainties brought by the coronavirus outbreak, and by China's steady industrial development and growth. "We expect to see an explosive growth of industrial robots in China, especially in emerging fields like semiconductors and new energy. We'll also see rising new opportunities in service-providing robots in applications in fields like new retail, catering and healthcare."

Xu's views were echoed by Yang Shuai, Executive President of Hunan Cothink Robotics Tech Co, which is based in Changsha, Hunan province. Yang said he expects to see substantial growth in service-providing robots in the future. "This trend will accelerate during the post-pandemic era," he said.

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

MACRO-ECONOMY

Qianhai and Hengqin zones to play leading role in development of Greater Bay Area



Qianhai, a special cooperation zone in Shenzhen city, and Hengqin, an island of Zhuhai city, both in Guangdong province, are set to further promote the high-quality development of the Guangdong-Hong Kong-Macao Greater Bay Area, officials said. Cong Liang, Deputy Director of the National Development and Reform Commission (NDRC), the nation's top economic regulator, said the expansion of the **Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone** will provide more development space for deepening reform and opening-up in Qianhai. Cong told a news conference in Beijing: "The expansion will be conducive to promoting institutional innovation and industrial upgrading in Qianhai as well as piloting the reform policies. After the expansion, the land available for industrial development will increase substantially in Qianhai. It will better leverage Hong Kong's advantages, strengthen cooperation between Shenzhen and Hong Kong, provide strong support for Hong Kong's economic development, and push the further integration of Hong Kong into the national development."

Cong's remarks followed the announcement of two separate plans, released by the Communist Party of China Central Committee and the Chinese government, to further develop the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and **build a new zone for Guangdong-Macao in-depth cooperation in Hengqin.** According to the Qianhai plan, the total area of the cooperation zone will be expanded from 14.92 square kilometers to 120.56 sq km. Cong said the new Hengqin plan aims to help Macao nurture a more diversified economy and leverage its advantages in industries like technological research and development, high-end manufacturing, cultural tourism, exhibition, trade and finance. The NDRC will formulate a catalog of industries that will be encouraged as well as a master development

plan for Hengqin, to boost Macao's economic diversification. The central authorities will implement preferential tax policies for building the Guangdong-Macao in-depth cooperation zone in Hengqin, said Vice Minister of Finance Xu Hongcai. There are specific policies for corporate income tax, individual income tax, import tax and tariffs in the cooperation zone. All industries conducive to the diversified economic development in Macao are eligible for the preferential corporate income tax rate of 15%, which is lower than the general level of 25%.

Pan Gongsheng, Deputy Governor of the People's Bank of China (PBOC), said the central authorities will **soon launch the Cross-Boundary Wealth Management Connect** and start southbound trading of the Bond Connect, which are new channels for investors in the Chinese mainland to buy financial products in Hong Kong and Macao. The central government has launched pilots for residents in Hong Kong and Macao to open settlement accounts in mainland banks, and the scale and settlement volume of the financial institutions will be further expanded, said Pan. The central bank has taken measures to facilitate the use of mobile payments for residents in Hong Kong and Macao. New services include direct payment of cross-boundary electronic bills and self-service query of personal credit report, said Pan.

The PBOC is also encouraging local governments to issue green municipal bonds in Hong Kong and Macao, and to strengthen cooperation between green bond evaluation and certification institutions in the Guangdong-Hong Kong-Macao Greater Bay Area. A green financial alliance will be established in the area, the China Daily reports.

Guangdong is planning to **introduce research, development and design centers of large enterprises** in sectors such as integrated circuits, new energy vehicles and biopharmaceuticals into Hengqin in Zhuhai, said Guangdong Governor Ma Xingrui at a news conference in Guangzhou. Guangdong will support Shenzhen's Qianhai to deepen opening-up and cooperation with Hong Kong in modern service sectors, using Qianhai's port, airport and bonded zone with the aim to double commodity foreign trade of Qianhai in five years. Efforts are being made by research institutions such as the Chinese Academy of Sciences (CAS) and universities to introduce major innovation platforms into Hengqin to attract more scientific and technological institutions, professionals and enterprises. A study is on going on to establish a provincial aeronautic industrial fund in Hengqin. Guangdong and Macao will also jointly establish a development investment company and a product innovation investment fund to promote industrial diversification.

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CHINA NEWS ROUND-UP

China to set up green stock index

China will set up a green stock index and develop futures trading for carbon emission rights – both of which will be the first such instruments, according to a new guideline. China will also research and develop financing tools based on multiple environmental resources rights, including pollution emission rights, water rights and carbon emission rights, according to the guideline jointly issued by Communist Party and the government. The guideline aims to deepen the reform of the compensation mechanism for environmental protection.

In August, global stock markets index provider MSCI unveiled two climate change indexes for China to gauge the country's transition to a low-carbon economy. The official set-up of the stock index allows investors to measure listed companies' environmental, social and governance (ESG) stewardship, which will serve as a reminder for companies to make plans for green investment and constrain their carbon emissions, industry observers said. It will also affect companies' re-financing and convertible bond issuance. China's national carbon market, the largest emissions trading system (ETS) in the world, was officially launched in July. The futures trading market would be a supplement to the national carbon market, signaling the complete securitization of carbon trading.

According to the guideline, projects involving voluntary reductions of greenhouse gas emissions such as renewable energy resources and methane utilization will also be included in the national carbon emission trading market. **China's carbon market is the world's largest, with emissions of 6 billion tons, compared with the EU's 3 billion tons.** China's pledge to be carbon neutral by 2060 would entail investments totaling CNY136 trillion, according to industry estimates revealed during the China International Fair for Trade in Services last week.

Dong Shaopeng, Senior Research Fellow of the Chongyang Institute for Financial Studies at Renmin University of China, told the Global Times that new instruments, such as the green stock index, are meant to provide a reference for investors increasingly interested in green industries. The green index features blocks under qualified companies from access to more funds from investors, Dong said. "A green stock index can be regarded as the answer from the China Securities Regulatory Commission (CSRC) to green bonds from China's central bank and both are tools to foster green development," Dong noted. The financial tools will also push up the price of water, which will help foster water conservation and protection.

100 industrial projects announced in Shanghai

At least 100 high-level industrial projects will be built in Shanghai in the next few years with the total industrial investment projected to top CNY850 billion during the 14th Five Year Plan period (2021-25), according to a plan released by the municipal government. The development

of high-end industries will be the highlight of Shanghai's advanced manufacturing industry in the coming years, according to the latest plan. **Integrated circuits (ICs), biomedicine and artificial intelligence (AI)**, which are defined as **the three "pioneering" industries in Shanghai**, shall see their respective scale more than double by the end of 2025. The annual turnover of Shanghai's IC industry surged 21% year-on-year to CNY207 billion in 2020. The industrial value of the biomedicine industry exceeded CNY600 billion last year while that of AI reached CNY220 billion. Six key industrial clusters of information technology, life sciences, automobiles, high-end equipment, new materials and high-end consumer goods will be formed by 2025, according to the plan. The industrial value of new-type display devices and services is expected to reach CNY70 billion by 2025, while that for smart sensors should reach CNY80 billion. The sales revenue of software and information services should exceed CNY1.5 trillion by the end of 2025. The industrial value of high-end medical devices is expected to be CNY60 billion by 2025. While Shanghai manufactured 238,600 new energy vehicles (NEVs) in 2020, the annual output is expected to exceed 1.2 million units by 2025, helping the industry's value top CNY350 billion.

While Shanghai's advanced manufacturing companies used to be followers of the world's top industry players, they could take the lead globally in the next few years, a goal that prompted the release of the plan, said Shanghai's Vice Mayor Wu Qing. **Shanghai-based manufacturing companies should master more core technologies by 2035** so that "made-in-Shanghai" will become a new tag of the city, he said. Progress will also be made in frontier industries such as next-generation telecommunications, brain-inspired intelligence and deep sea exploration.

Knowledge-intensive services used in production should take up at least two-thirds of the city's total added value of the services sector by 2025, with general contracting, research and development (R&D), design services and industrial e-commerce making substantial progress. Over 5,000 industry leaders shall be nurtured in the next few years, the plan stated. Lingang Special Area will become a new strategic driver, as it will likely account for at least one-third of Shanghai-based manufacturing industry's growth by 2025, the China Daily reports.

China to implement nation-wide negative list for the services trade

Foreign firms are striving to tap into China's services sector as they continue to see robust demand amid the country's opening-up efforts. **China** announced at the 2021 China International Fair for Trade in Services (CIFTIS) that **it will implement across the country a negative list for cross-border services trade**, scale up support for the growth of the services sector in Belt and Road markets and share the nation's technological achievements with the rest of the world. In July, China introduced its first negative list for cross-border trade in services at the Hainan Free Trade Port, marking the highest level of opening-up in the country. China's high-quality development and dual-

circulation strategy will undoubtedly bring more opportunities, said Gao Tan, General Manager of GLP Supply Chain Services. “We have provided integrated supply chain services to our clients in China during the pandemic and helped them move their products to fulfill overseas demand through our smart global logistics network,” said Gao. “With booming demand in cross-border trading services, we are highly confident in the Chinese market.”

Statistics have shown the encouraging performance of the services industry in China. **In the first seven months, the country's services trade rose 7.3% year-on-year to nearly CNY2.81 trillion.** JPMorgan Futures Co has completed a new round of capital injection of over CNY300 million in June this year, showing the firm's confidence in the prospects of China's financial services sector. “The Chinese market is so huge that our global clients have shown great interest in it,” said Rochelle Wei, CEO of JPMorgan Futures Co. She added the company has been helping its clients in China and abroad to expand their business. Vivian Jiang, Deputy CEO of Deloitte China, said there is still a gap between China and developed countries in the proportion of the services sector in their gross domestic product (GDP). “But we are confident of the Chinese services market as the country pursues balanced development between its manufacturing and services sector amid high-quality development,” she said, as reported by the China Daily.

China main driver of the world's diamond consumption

David Kellie, CEO of the Natural Diamond Council (NDC), a global trade group, **sees China continuing to drive the world's diamond consumption** on the back of its strong economic growth despite the impact of the Covid-19 pandemic. Other factors that will stoke diamond consumption are China's rising middle-income shoppers and the emotionally more expressive younger generation of consumers who give gifts and like to treat themselves well, without being indulgent or crass, the China Daily reports. The country's GDP growth of 12.7% in the first half of this year “formed a solid foundation for growth” for the diamond industry, said NDC CEO Kellie. He forecast the diamond market to exhibit an optimistic V-shape recovery, meaning the global diamond jewelry sector is expected to reach the pre-pandemic level of 2019 in 2022 to 2023.

As **the world's second-largest diamond market after the United States,** China's branded jewelry accounted for 15% of the entire market, reaching USD100 billion in value. Kellie identified the super large size of the middle-income group in China, and the Covid-related cross-border travel restrictions as critical drivers of the growth in diamond consumption in the Chinese market. The NDC plans to team up with local jewelry brand Chow Tai Fook to launch educational programs on natural diamonds. “We would like to leverage Chow Tai Fook's network of over 4,000 points of sale to reach a much wider consumer community even more quickly and deeply through our rich and enlightening content,” Kellie said. “We are hoping that our collaboration with Chow Tai Fook will contribute to further market growth.”

The transaction value at the Shanghai Diamond Exchange (SDE) reached USD3.82 billion in the first six months of this year, **up more than 86% from the pre-pandemic level** in the same period of 2019. Imports of net polished diamonds during the same period reached USD1.58 billion, exceeding the import level of 2020, and up 49% from the first half of 2019. The Exchange predicted China's diamond imports this year will surpass the previous record of USD2.78 billion in 2018. Lin Qiang, President of the SDE, attributed the strong rebound in diamond imports to “the quick recovery of China's economy, specifically the release of consumption power and the appreciation of the yuan, which offset the increase in diamond prices in U.S. dollar terms”. Another reason for the rebound in diamond consumption in China is the expanding Generation Z population who ascribe different values to diamonds and use more digital platforms to understand the products they buy, the China Daily reports.

China's foreign trade expected to grow 25% in 2021

China's exports and imports gained pace in August, despite soaring international freight rates and port congestion caused by the flare-up of the delta variant of coronavirus in the world. An economist forecast that China's foreign trade will grow by 25% for the whole year. According to the General Administration of Customs (GAC), **China's foreign trade reached USD530.3 billion in August, up 28.8% year-on-year** and up 4.2% month-on-month. Exports totaled USD294.3 billion in August, up 25.6% year-on-year, beating market expectations of 17.3%. Imports totaled USD236 billion, up 33.1% year-on-year, also above the forecast of 26.9%. The surge in imports and exports reflected China's irreplaceable role in global supply chains, which has been cemented by the country's swift move in putting the latest delta variant outbreak firmly under control, Cao Heping, Professor of Economics at Peking University in Beijing, told the Global Times.

China's exports to major trade partners sustained growth in the first eight months, with ASEAN remaining the largest trade partner, followed by the EU and the U.S. Despite political tensions between China and the U.S., bilateral trade grew 36.6% year-on-year to reach USD470.32 billion. Exports and imports of Chinese private companies posted faster growth from January to August, with their share seeing a continuous rise. These companies' foreign trade reached CNY11.92 trillion, accounting for 48.1% of the country's total, up 2.3 percentage points year-on-year. Barring extreme conditions, China's merchandise trade is expected to show double-digit growth year-on-year, and considerably exceed the pre-pandemic 2019 level, to hit USD5.1 trillion this year, Wan Zhongxin, Director of the Research Center of the General Administration of Customs, said during the China International Fair for Trade in Services. Based on this calculation, China's merchandise trade is expected to account for 15% of the global total, Wang said. Cao projected that the country's overall foreign trade will expand 25% this year, driving annual GDP growth to above 9%. China's trade surplus surged by 17.8% from a year ago to CNY2.34 trillion. The export value of mechanical and electrical products

jumped 23.8% year-on-year to CNY7.98 trillion in the first eight months of this year, accounting for 58.8% of the nation's total export value, according to the GAC.

Meanwhile, China's exports of automatic data processing equipment and its components surged by 12.7% year-on-year, and **exports of automobiles grew by 111.1%**. "The global economic recovery may not be as fast as many people expect," said Liang Ming, Director of the Chinese Academy of International Trade and Economic Cooperation's Institute of International Trade. "China's exports have been supported so far this year by increasing global demand in high-tech sectors, such as information technology, high-end equipment and new energy," Liang said, adding that the resumption of production in other countries will drive up demand for higher value-added goods where China has comparative advantages, such as intermediate products. Gao Lingyun, Director of the International Investment Division of the Chinese Academy of Social Sciences' Institute of World Economics and Politics, said upcoming festivals and celebrations in Western countries, such as Christmas, will shore up demand for China's exports. This overview is based on reports by the Global Times and China Daily.

Chinese Vice Premier Liu He expresses support for private sector

Chinese Vice Premier Liu He vowed firm support for the country's private sector. "China's policy to support the private sector hasn't changed, and won't change in the future," Liu said in a video speech at the opening ceremony of the China International Digital Economy Expo 2021 held in Shijiazhuang, capital of Hebei province on September 6. China will help the private sector play a bigger role in stabilizing growth and employment, adjusting the economic structure, and encouraging innovation, Liu said, stressing the importance of protecting fair

competition, and opposing monopolies in further developing the digital economy. The Vice Premier reiterated that **the private sector** plays an important role in the economy, **contributing more than 50% of taxes, 60% of GDP, 70% of technological innovation, 80% of urban employment and 90% of new jobs and firms.**

Liu's speech was a clear sign that the government wants to mitigate concerns of private enterprises, and it also indicated that anti-monopoly efforts will continue, telling entrepreneurs to bravely innovate, to conform to international rules, and assuring them that they will be better protected, Wei Jianguo, a former Chinese Vice Minister of Commerce, told the Global Times. The reassurance came after tightened restrictions from the central government have affected a range of sectors, leading to drops in the stock prices of many enterprises. The move has also led to worries and anxieties about the prospects of the industry among domestic industry players and foreign investors. Subsidies for small start-ups haven't vanished despite tightened measures imposed on leading industry giants, while the internet sector, which has driven the Chinese economy for the last two decades, will continue to develop, according to Vice Premier Liu.

The tightening of regulations has created a better environment for the country's small players. As of July, 13.94 million new market entities nationwide had been established, recovering to pre-epidemic levels, according to the State Administration for Market Regulation (SAMR). The Administration said that it will pay greater attention to strengthening supervision and anti-monopoly efforts, combating unfair competition, and preventing the disorderly expansion of capital. Yao Yang, Dean of the National School of Development at Peking University, told the Global Times that worries that the antitrust measures aim to advance the state sector while resulting in the retreat of the private sectors are utterly groundless, the Global Times reports.

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Membership rates for 2021 (excl. VAT)

- SMEs: €435 (excl. 21% VAT)
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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

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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

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