China Business Weekly

21 September 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: "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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Webinar: The PRC Personal Information Protection Law ("PIPL") – What does this mean for your business in China? – 6 October 2021, 10h00

The Flanders-China Chamber of Commerce (FCCC) is organizing – with the support of Flanders Investment & Trade – a legal webinar focused on **the new PRC Personal Information Protection Law (PIPL). Mr. Carl Li, Senior Partner at AllBright Law Offices**, will discuss the impact of the new law on businesses operating in and with China. This webinar will take place on **October 6**, **2021,** at **10h00**.

The PRC Personal Information Protection Law (PIPL), which will be effective from November 1, 2021, is the most important law in China regarding the protection of personal information and will impact almost every company in China. Together with the PRC Cybersecurity Law and the PRC Data Security Law, this law constitutes China's legal framework for data protection in much the same way as the GDPR, although there are some key differences. The PIPL sets out rules for the processing of personal information, cross-border transfer, individual rights, obligations of processors, responsibilities of authorities, and legal liabilities. Every company will need to put in place compliance measures either before or within a very limited time frame after the PIPL becomes law, in order to ensure that they are not at risk of non-compliance.

Program:

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

10h05-10h50: Presentation on the PRC Personal Information Protection Law by Mr. Carl Li, Senior Partner, AllBright Law Offices

10h50-11h00: Q&A Session

Practical information:

Date and time: October 6, 2021, 10h00-11h00 CEST

Location: Online

Price for members: Free

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China Dinner: Insights into setting up Volvo and Polestar factories in China 6 October 2021 – 18h30 - Ghent

After a long period of virtual events, our chamber is once again pleased to be able to put on some live events at which we can all once again meet one another in person. The first of these events is **an informal dinner which will take place on 6 October at 18h30** at Cercle Royal La Concorde, Kouter 150 in Ghent.

We are very lucky to have as our guest speaker at that dinner Mr Koen Sonck, who will be over from China for a few weeks. He will talk about his experience of setting up a Volvo factory in Chengdu, where he is now based, and a Polestar factory in Chongqing.

He will have much of interest to say and so you are strongly encouraged to sign up to join us at the dinner. There are limited seats, so we can have a small group to enable people to share their experiences and to network.

If you are interested to participate, please register before 1st of October via the button below.

Program:

18h30: Registration and networking

19h00: Welcome by **Ms Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

19h05: Dinner & Presentation: "Insights into setting up a Volvo and Polestar factory in China" by **Mr Koen Sonck**, Head of Quality & New Model Launch Director, Polestar Manufacturing, Chengdu and Chongqing.

Practical information:

Date & time: October 6, 2021, 18h30

Location: Cercle Royal La Concorde, Kouter 150, 9000 Ghent, Parking: Kouter

Price for members: €75 + 21% VAT

Price for Non-Members: €95 + 21% VAT

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Webinar: European Business in China Position Paper 2021/2022 October 12, 10:00 am CEST

The EU-China Business Association, the European Union Chamber of Commerce in China, and BusinessEurope are organizing a webinar on the occasion of the launch of the 'European Business in China: Position Paper 2021/2022'. This webinar will take place online on **October 12, 2021** at **10:00 am CEST**.

This Position Paper is a culmination of six months of dedicated work by 35 working groups and sub-working groups. This year's Paper looks into the 14th Five-Year Plan and identifies the areas of risk and opportunity, both for European business and China's economy.

Pogram:

10:00-10:05: Welcome and introduction by Ms. Gwenn Sonck, Executive Director, EU-China Business Association & Flanders-China Chamber of Commerce

10:05-10:35: Presentation of the Position Paper 2021/2022 by Mr. Joerg Wuttke, President of the European Union Chamber of Commerce in China

10:35-10:55: Q&A and final discussion moderated by Ms. Luisa Santos, Deputy Director General of BusinessEurope

10:55-11:00: Closing words by Mr. Jochum Haakma, Chairman, EU-China Business Association

About the speaker: Mr. Joerg Wuttke

Joerg Wuttke is Vice-President and Chief Representative of BASF China in Beijing since 1997. In May 2019, he was elected for a third term as the President of the European Union Chamber of Commerce in China.

Since 2019, Wuttke is Vice Chairman of the CPCIF International Cooperation Committee, a group representing multinational companies in China's Chemical Association. From 2011 to 2019, he served as Chairman of the Business and Industry Advisory Committee to the OECD's China Task Force. Form 2007 to 2010, and from 2014 to 2017, Wuttke was President of the European Union Chamber of Commerce in China. He was a founding member of the German Chamber of Commerce in Beijing and served as Chairman of the Board from 2001 to 2004. Wuttke has lived in China for more than 20 years.

Practical information:

Date & time: October 12, 10 am CEST

Location: Online

Price: Free

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ACTIVITIES SUPPORTED BY FCCC

Book Presentation: "Hoe de grootmachten de koers van de wereldpolitiek bepalen" by Prof. Sven Biscop – 12 October 2021, 19:30 – 21:30 – UGent, Campus UFO, Ghent

Description

Professor Sven Biscop will give a presentation on his new book **(in Dutch) "How the superpowers determine the course of world politics".** He will provide insights in how the course of world politics is determined by the interplay between the superpowers. The U.S. as the established power, Russia as the waning power, China as the emerging power and the EU as the doubting power, the power which does not know if it wants to be a power.

This presentation will provide – on an academic level – a nuanced analysis of the competition and cooperation between the superpowers using 10 key words, illustrated by historical and hyper actual examples.

Programme:

19:30: Presentation followed by networking & drink

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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.

MEMBERS' NEWS

Mr. Philippe Snel (DaWo Law Firm Shanghai) receives Magnolia Silver Award

Mr Philippe Snel (Photo SHINE/Shanghai Daily)

Mr Philippe Snel, Managing Director DaWo Law Firm Shanghai, has received the Magnolia Silver Award, honoring foreigners for their contributions to the development of Shanghai.

Fifty foreign nationals were honored this year with the Magnolia Silver Award, named after the Shanghai city flower. The award was initiated by the Shanghai government in 1989 to honor foreigners for their contributions to the city, with 1,316 expats having received the award so far.

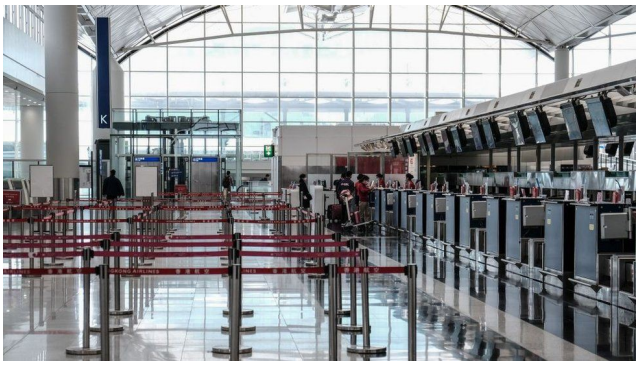
"As international elites and industrial leaders, they left their homelands from all over the world for Shanghai and have worked actively here," said Zhang Xiaosong, Director General of the Shanghai Foreign Affairs Office, at the award presentation ceremony held at the Bellagio Shanghai Hotel. "They have made great efforts to promote international cooperation, advance joint scientific research, enhance cultural exchanges and mutual trust and drive harmonious social development in the city." Zhang said though international travel and people-to-people exchanges are still being affected by the Covid-19 pandemic, Shanghai has always been insisting on cooperation and communication on its path to opening up. "It is the philosophy and vision of seeking common ground while reserving differences and being inclusive that has

fostered faster and better development of our city," he said. He invited international friends to continue to work together with local people to create a better life.

Kamran-Charles Vossoughi, President and CEO of Michelin China, expressed his gratitude to the Shanghai government and people for the honor on behalf of the 50 recipients. The Frenchman recalled the first day he arrived in Shanghai in 2019. "When I received my work permit from the staff of the Exit-Entry Administration, the officer told me: 'Welcome to Shanghai! From now on, Shanghai is your home.' 'Home,' after two years of living and working in Shanghai, this word echoes in my ears again and again, and the meaning of this word has gone deeper as time has evolved," he said. Vossoughi said the city has impressed him with its inclusiveness for foreigners working here, its excellent business environment, especially the support and care the government has given during the Covid-19 pandemic, and its vitality, talent, technology, innovation and cooperation, which give multinational corporations the confidence to establish their Chinese headquarters in Shanghai. Lance Lee, Asia-Pacific President of Bayer Consumer Health, a Canadian who has been in Shanghai since 2008, said the award represented the continuous care and support from the Shanghai government to foreign companies and foreigners, the Shanghai Daily reports.

HEALTH

China to continue current Covid-19 strategy, not ready to reopen to the world



China will maintain the current strategy to cope with Covid-19 before it is ready to reopen to the world, and it will never come at the cost of lives as some Western countries have been doing, analysts told the Global Times. There is no timeline when China will lift border restrictions, and the country will do so in the future after meeting a number of requirements, an anonymous expert said, noting that for China, with a population of 1.4 billion, random opening will result in unimaginable consequences. Currently, passengers arriving from abroad must quarantine for 21 days – 14 days in a designated hotel and seven days at home.

There are only about 200 international flights a week between China and other countries, about 2.2% of the number before the start of the Covid-19 pandemic. The number of international flights is not expected to increase soon due to the seriousness of the ongoing pandemic abroad, Shang Kejia, an official from the Civil Aviation Administration of China (CAAC) said. At present, international flights mainly guarantee the most basic connectivity with the lowest frequency, and the conditions for resumption and increase are not available for the time being, Shang noted, adding that this year's Mid-Autumn Festival and National Day holidays are still not a good time to travel abroad. According to Shang, in July and August, China's civil aviation market saw significant declines due to the flare-up of coronavirus infections, with passenger traffic down 42% compared to 2019, and down 16.6% compared to 2020. CAAC said it will offer financial support for domestic airlines to assist them to recover from the pandemic, including lifting restrictions on cargo flights. Currently, there are around 100,000 domestic scheduled passenger flights per week, while 4,250 more flights for the Mid-Autumn Festival and 4,406 for the National Day holidays have been added to meet expected demand. CAAC data show that in August, affected by the Nanjing outbreak, the total transportation turnover, passenger transportation, and cargo volume fell by 35.6%, 51.5% and 5.6% year-on-year.

Ahead of the Mid-Autumn Festival holiday (September 19-21) and National Day holiday (October 1-7) several cities including Beijing issued notices **advising residents** to complete vaccinations before traveling and **not to travel abroad unless absolutely necessary**. Xi'an in Shaanxi province and Guilin in Guangxi even called on local residents not to leave the city unless absolutely necessary.

A new health facility – the Guangzhou International Health Station – with 5,074 isolation rooms for inbound passengers **is expected to start operation in Guangzhou**, capital of Guangdong province, before the end of this month. Guangdong, with a population of more

than 126 million, has become one of the major front-line areas on the mainland to intercept and manage people with Covid-19 who are entering the country. Luo Xiaodan, Deputy Director of the Infectious Disease Department at the Guangdong Provincial People's Hospital, said the new station will play a big part in preventing and controlling the spread of the coronavirus. "The current quarantine hotels in the city's downtown areas are not designed for quarantine," she said. All inbound passengers will be sent to the station for two weeks of quarantine upon arrival in Guangzhou, so they will no longer need to be quarantined at designated hotels.

In the recent outbreak in Fujian province – affecting the cities of Putian, Xiamen, Quanzhou and Zhangzhou – **over 40% of the confirmed Covid-19 cases in Putian are children under the age of 12**, which under the current strategy are not being vaccinated. Between September 10 and 18, 335 Covid-19 cases were reported in Fujian province. All domestic flights departing from Xiamen, a city with a population of 5 million, were suspended on September 20 until further notice. The Chinese authorities are now considering to expand vaccination to children between the ages of 3 and 12. China has so far delivered more than 2.16 billion vaccine doses and fully vaccinated over 1.01 billion people. More than 170 million doses had been administered to people aged 12 to 17, covering nearly 95.3 million minors. In addition, 390 million doses had been delivered to people aged 60 and above, covering 200 million elderly.

The Chinese authorities pledged that there would be no Covid infections at the 14th National Games, which opened on September 15 at the Xi'an Olympic Sports Center. Chinese President Xi Jinping attended the opening ceremony. Analysts said the epidemic prevention of the National Games is more comprehensive and stricter than that of the Tokyo Olympic Games, and the closed-loop management system will likely create a standard to be followed by the Beijing Winter Olympics. A total of 46,200 people – performers, athletes, spectators, technicians, security guards, other staffers and officials – are expected to attend the Games. Fang Guanghua, Vice Governor of Shaanxi and Secretary General of the 14th National Games Organizing Committee, said that organizers adhere to the principle of "one plan for one game, one plan for one group, one plan for one venue" to ensure zero Covid-19 cases. The 14th National Games from September 15 to 27 are the first major comprehensive sports event in China since the start of the pandemic. There were 430 Covid-19 cases reported at the Tokyo Olympics.

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

REAL ESTATE

Home price increases slowing; Evergrande faces cash crunch

China's home prices increased in August but at a slower pace as regulatory measures continue to rein in and stabilize the disorderly market. Major cities are expected to see limited room for growth in home prices, industry experts said. In August, home prices in 70 Chinese major cities either grew marginally or edged down, both in year-on-year and month-on-month terms, suggesting tightening rules continue to have the desired effect, according to Sheng Guoqing, Chief Statistician with the National Bureau of Statistics (NBS). Last month, new home prices in the 70 major cities tracked by the NBS grew 0.2% month-on-month and 3.7% year-on-year. Some 46 cities reported higher new home prices, down from 51 cities in July. **New home prices in top-tier cities remained resilient with a 0.3% increase on average** from the previous month. Shenzhen reported the largest month-on-month price increase of 1%, followed by Shanghai (0.4%) and Beijing (0.2%). But in Guangzhou, Guangdong province, home prices decreased by 0.1%. Compared to a year ago, the four benchmark cities' new home prices grew at a slower pace of 5.7% on average, 0.3 percentage point less than the previous month.

In the 31 second-tier cities, mostly provincial capitals, prices rose 0.2% month-on-month, and 4.4% year-on-year, while prices remained flat and increased by 2.8% respectively in the 35 third-tier cities. Entering the third quarter, prices seemed to be cooling. Local governments' tighter credit policies, in particular, led to fewer transactions that in turn led to a decrease in home prices, said Yan Yuejin, Director of the Shanghai-based E-house China Research and Development Institute. In third-tier cities, new home prices ended a 17-month period of growth in August although no tighter home purchase regulations were announced. Cities like Changde and Yueyang in Hunan province, Taiyuan in Shanxi province, Dali in Yunnan province, and Beihai in Guangxi reported comparatively larger year-on-year declines. In August, Yueyang's Bureau of Housing and Construction issued a notice requiring that new home prices cannot be higher than the selling price the developer has filed with local housing authorities, nor more than 15% lower. Similar measures were taken in at least seven third- and fourth-tier cities.

First-tier cities continued to see their pre-owned home

prices increase by 0.2% compared with the previous month. Guangzhou reported the largest month-on-month increase of 0.5% in transaction prices among the four mega cities, followed by Beijing (0.4%) and Shanghai (0.2%). Shenzhen posted a negative growth rate of 0.4% for the fourth successive month. Pre-owned home prices in the 31 second-tier cities stayed unchanged from a month ago, and increased 3.2% year-on-year. The 35 third-tier cities saw their pre-owned home prices edge down 0.1% from the previous month, but rising 1.9% year-on-year "Apart from February 2020 when Covid-19 hit severely, this is the first time since 2016 that nearly half of China's major cities saw their pre-owned home prices drop, showing new tighter regulations have had the desired effect," said Zhang Dawei, Chief Analyst at Centaline Property. Tighter rules are expected to further stabilize the home market, including in first-tier cities that led the home price rise in the first half of this year, said Zhang.

Meanwhile, **the plight of cash-strapped, debt-laden China Evergrande Group**, a prominent property developer, **has drawn public attention**. NBS Spokesman Fu Linghui said some large-sized property companies are encountering operational difficulties, and the impact on the real estate industry needs to be monitored. Evergrande has been bogged down in a liquidity crisis, facing more than USD300 billion in debt, while also failing to pay overdue bills and defaulting on multiple wealth management products. China Chengxin International (CCXI) has lowered Evergrande's bonds ratings to A from AA, and both the ratings of the bonds and its issuer were put on a watch list for further downgrades. Should the developer default on its debts, there will be adverse effects across the financial sector, with possible spillover effects on the financial system and on other real estate companies. Creditors who provide funds to Evergrande, mostly some small and medium-sized banks, will face great asset losses and risk of cross-defaults. Shares of other listed real estate groups also dropped last week.

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

FOREIGN TRADE

Canton Fair to resume in-person exhibition in October

T**he 130th China Import and Export Fair (Canton Fair)**, one of the largest trade fairs in the world to be held from October 15 to 19, **will resume in-person exhibition** in Guangzhou for the first time since the start of the Covid-19 pandemic, Chinese commerce officials announced, marking another milestone in the country's fight against Covid-19 as all large-scale trade events and exhibitions have now resumed. With business opportunities rising despite challenges brought by the pandemic, this year's Canton Fair will feature both online and in-person showcases for the first time, providing a much-needed platform for businesses to pursue new orders and address issues across global supply chains, analysts noted. However, due to epidemic control and prevention measures, the Fair will be shortened to five days this year with the opening ceremony to be held on October 14, Vice Minister of Commerce Ren Hongbin told a press conference in Beijing.

The in-person exhibition will include 7,500 enterprises in an exhibition area covering 400,000 square meters, Chu Shijia, Director of the China Foreign Trade Center, told the press conference. The Fair will also have about 60,000 online exhibition booths for 26,000 domestic and international exhibitors. "In terms of scale, it remains the world's largest exhibition amid the pandemic," Chu said. The resumption of the Canton Fair shows China is confident in containing the virus, Bai Ming, Deputy Director of the Chinese Ministry of Commerce's International Market Research Institute, told the Global Times. "From the China International Fair for Trade in Services held in Beijing, to the China-ASEAN Expo in Nanning, Guangxi Zhuang Autonomous Region, we have established effective measures and ways of holding large exhibitions," Bai said. Commenting on the impact of recent Covid-19 outbreaks and flare-ups in China, Zhang Xin, Vice Governor of Guangdong, said that contingency plans for the Canton Fair will require participants to provide proof of vaccination and a recent negative Covid-19 nucleic acid test to enter the venue.

The twice-a-year fair was held only virtually twice in 2020 and once earlier this year because of the impact of the Covid-19 pandemic. The theme of the Fair is "dual circulation", a reference to China's new development paradigm, in which the domestic market is the mainstay and the domestic and overseas markets reinforce each other. "The fair aims to attract more overseas buyers from online platforms to help foreign trade companies gain new orders," Vice Minister Ren Hongbin said, adding that measures to resume offline exhibitions will boost the enthusiasm of domestic buyers and support export-oriented companies in further exploring growth points in the home market.

China's August trade figures registered a surprising uptick despite soaring international freight prices and port congestion. **China's foreign trade reached USD530.3 billion in August, up 28.8% year-on-year and up 4.2%**

month-on-month. However, there are still many "uncertain, unstable and unbalanced factors" impacting foreign trade development, Vice Minister Ren said. "Affected by the new Delta variant, some countries once again have suspended production of a large number of intermediate products such as microchips, which has seriously disrupted the stability and smoothness of the global industrial chain and supply chain," he added, as reported by the Global Times.

CHINA NEWS ROUND-UP

Chinese Commercial Counselor in Germany warns European officials not to discriminate against Chinese businesses

Wang Weidong, Commercial Counselor at the Chinese Embassy in Germany, warned Germany and the EU not to discriminate against Chinese businesses, vowing that China will not "sit idle" regarding such actions."Some people in the EU bloc regard China as an imaginary enemy by planning and introducing restrictive measures, including screening foreign investment and supply chains, and imposing a carbon border tax," Wang said at the online event "China Day 2021" organized by the Chinese Chamber of Commerce in Germany. The Commercial Counselor also **urged authorities in Europe to not take a condescending attitude toward China** and behave like a teacher. He made the remarks following reports of German and EU officials seeking to intensify scrutiny of Chinese businesses and adopt a more hostile approach toward China amid growing pressure from the U.S. Analysts said that Wang's remarks signal that China will take countermeasures if officials in Europe move to crack down on Chinese businesses.

"There is nothing wrong in the legislation itself but we are worried that such policies are being abused and distorted by political factors, which will disrupt trade between China, Germany and the EU and result in restrictive measures against Chinese firms," Wang said. He warned that if fake news about China continued to influence public opinion in the EU, small and medium-sized enterprises in Germany will pay the price as they may make wrong China-decisions and lose opportunities in the booming market. Duan Wei, Secretary General of the Chinese Chamber of Commerce in Germany, said that **Chinese enterprises are subject to mounting uncertainties across their operations in Europe and Germany due to stricter controls on investment**. "We criticize such attitude," he said. Since the Covid-19 outbreak, the "fast lane" between China and Germany has helped a great number of German business representatives return to their workplaces in China but Chinese companies have encountered difficulties when applying for visas for their employees, according to Duan. "Some Chinese companies were thinking: why German entrepreneurs were able to return to China, but we can't return to Germany?"

Wang's harsh words represent a stern warning to Brussels amid strained bilateral relations caused by the EU side and indicates that China may take countermeasures, if Brussels continues to stoke up tensions without realizing the consequence, analysts said. "Europe has deliberately set barriers that hurt bilateral relations. If they do not show intent to repair ties and continue with anti-China policies, China, which is crucial to Europe's post-virus economic recovery and supply chain stability, could show them the severe consequences," Cui Hongjian, Director of the Department of European Studies at the China Institute of International Studies, told the Global Times. An example of the EU's hostile approach toward China is a move to freeze the procedure to ratify the China-EU Comprehensive Agreement on Investment (CAI), which was reached last year after years of negotiations and is set to boost bilateral cooperation. Wang said at the meeting that the CAI is set to create more benefit for European companies than their Chinese counterparts. "We would love to see the deal coming into effect as soon as possible but the key to solve the problem lies in Europe, not China," he said, as reported by the Global Times.

China applies to join the CPTPP

China has officially applied to join the 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a regional trade pact initiated by the U.S. under former President Barack Obama, from which the U.S. withdrew under President Donald Trump. Chinese Commerce Minister Wang Wentao filed a written request for CPTPP accession with New Zealand's Minister for Trade and Export Growth Damien O'Connor, acting as CPTPP Depositary, the Ministry of Commerce (MOFCOM) said in a statement. The two ministers held a teleconference discussing relevant follow-up work after China's official application. The CPTPP, which became effective in December 2018, replaced the TPP after the U.S. withdrew in 2017. China's potential membership would enhance trade cooperation with U.S. allies, including Canada, Japan and Australia.

The CPTPP covers more areas than the Regional Comprehensive Economic Partnership (RCEP), which China has already joined. The CPTPP also includes chapters on labor rights and environmental protection. While the RCEP, which is still in the process of being ratified, is an Asia-centric pact, the CPTPP is geographically more far-reaching, with Canada and Peru as members. China is hoping for the CPTPP to put global

trade and economic cooperation back on track, underscoring the need for multilateralism, thereby reviving both the Chinese economy and the global economy in the post-Covid-19 era, the Global Times reports. There have been no signs of the Biden administration attempting to rejoin the trade pact. U.S. Trade Representative Katherine Tai has also dodged questions about the U.S.' return to the TPP.

The CPTPP, signed in 2018, removes tariffs on an estimated 95% of goods traded between member countries, including Australia, Canada, New Zealand and Singapore. However, it is uncertain whether China will receive approval to join the agreement from all member countries as relations with Australia and Canada are deteriorating. Singapore welcomed China, but Japan's attitude is more ambiguous. Japan's Foreign Minister Motegi Toshimitsu said that Japan must look properly at whether China is ready to fulfil the high requirements of the pact, and that Japan will confer with other member countries to handle China's application.

Achieving carbon neutrality by 2060 may require investment of CNY300 trillion

China's efforts to reach a carbon peak by 2030 and carbon neutrality by 2060 might require an investment of up to CNY300 trillion, according to Zhang Xiaohui, Dean of the Tsinghua University PBC School of Finance and a prominent Chinese economist. He said that pursuing the goals will not come at the costs of economic growth and people's livelihood. Realizing coordinated, sustainable and high-quality development in combination with a carbon emission reduction push is key, he said at the Tsinghua PBCSF Economic Forum on Carbon Neutrality in Beijing. “As a result, China should follow its own pace when pushing for the carbon peak and carbon neutrality goals, strive to balance the economic development and the reduction of carbon emissions, avoid and resolve risks during the transition and achieve an orderly, fair and green transition,” Zhang said, noting green finance will play an essential role in achieving those goals.

Based on estimates by multiple institutions, Zhang said that China's net-zero strategy would require investment of up to CNY7.5 trillion each year until 2060, equivalent to around 10% of annual investments made in the country. Citing historical experiences and statistics, she said that green finance would likely contribute 90% of the investment, while government financial support would only account for 10%. Ju Jiandong, Unigroup Chair Professor at the PBC School of Finance at Tsinghua University, said that China's GDP growth will not take a big hit before reaching the carbon peak by 2030. “If we do not take administrative means but economic measures to reach the goals, the impact on China's annual GDP growth will be lower than 1%,” he told the Global Times at the forum.

Still, Ju said that given China's status as a developing country, the goals are very significant and deserve “encouragement” from other countries instead of criticism and disruption. The U.S. imposing hefty anti-dumping and anti-subsidy duties on China-produced solar panels does not help achieve this goal. Ju urged the U.S. not to pursue confrontation with China in tackling climate change. At the forum, Ma Yongsheng, General Manager of Sinopec, said that China's oil consumption is expected to reach its peak at around 2026, giving natural gas a bigger role and send it to become China's biggest fossil energy source at around 2050, according to Ma.

Harley-Davidson and QJiang Motorcycle to set up joint venture

China’s Zhejiang QJiang Motorcycle Co plans to establish a joint venture with a registered capital of USD2.5 million **with Harley-Davidson Motor Co Group**. **Huamei Motorcycle** will manufacture, assemble and sell internal combustion engines and motorcycles, as well as offer related services. It received an investment of USD2 million from QJiang Motorcycle and USD500,000 from Harley-Davidson. QJiang Motorcycle said the tie-up of the two motorcycle firms was for sales of two types of motorcycles with engine capacities of 338 and 500 cubic centimeters, and other products. Zhou Mi, Senior Researcher at the Chinese Academy of International Trade and Economic Cooperation in Beijing, said the establishment of the JV was aimed to better cope with restrictions on motorcycles by local governments, tap China’s huge motorcycle market and deal with the high cost of imports. Currently, a number of cities in China have restrictions or ban certain types of motorcycles.

“Despite restrictions on motorcycles from local governments, consumers still show increasing interest in the vehicle due to relatively lower prices compared to cars, and convenience especially during traffic congestion. In addition, many regions, especially counties and rural areas, still have less restrictive rules on motorcycles,” Zhou said.

China’s production and sale of motorcycles reached 13.37 million units and 13.33 units in the first eight months this year, a year-on-year increase of 22.65% and 21.42%, respectively, according to the China Chamber of Commerce for Motorcycles. A report by LeadLeo Research Institute, a market research provider, showed that the motorcycle market in China will continue to grow with an estimated annual production of 19.57 million units in 2024.

Last year, Li Shufu, Chairman of Geely Holding Group, which is a major shareholder in QJiang Motorcycle, called for an easing of motorcycle restrictions to promote upgrading the industry. Li suggested that the government should roll out transportation regulations specialized for motorcycles, resume licensing of motorcycles in pilot cities, and launch driving tests.

Founded in 1985, QJiang Motorcycle was the first motorcycle and parts manufacturer in China to conduct cross-border acquisitions. It **bought Italian motorcycle company Benelli in 2005**. To date, the company owns four brands – Qjmotor, Benelli, Keeway and KSR. It sells products in about 130 countries and regions. In 2016, Geely spent CNY1.1 billion to acquire 29.77% of QJiang Motorcycle’s shares and became the company’s largest stakeholder. Earlier in 2019, Harley-Davidson partnered with QJiang Motorcycle to build a new type of motorcycle with an engine capacity of 338 cu cm, and planned to sell the products through Harley-Davidson’s retail dealers in China. According to LeadLeo, demand for motorcycles in

Asian countries amounts to 82% of the global total, the China Daily reports.

AI powers "dark factories" in many sectors in China

More Chinese businesses, from steel plates and mobile phones to household appliances and rocket parts, are using artificial intelligence (AI) to power their production and have **introduced "dark factories" with 24-hour uninterrupted and unattended production**. Dark factories, also called smart factories, are entirely run by programmed robots with no need for lighting. They are expected to reduce labor costs, improve production efficiency and product quality, and carry out production under hazardous conditions to ensure worker safety.

To replace people with machines to do high-intensity, repetitive, tedious and dangerous work is an essential step toward smart manufacturing in China's iron and steel industry. A dark factory of Baogang Group in Inner Mongolia uses robots to separate slag from molten steel. The slag discharge rate was reduced from 10% to 9%, and the one percentage point reduction could save nearly USD100,000 every year for the factory.

The Xi'an Aerospace Propulsion Institute – a research base for China's solid-fuel rocket engines – achieved 24-hour production of rocket ignition parts. At night, automated equipment carries out the initial processing, while experienced workers give the finishing touches during the daytime. At a dark factory in Beijing, mechanical arms carefully pinch the two sides of a smartphone screen and fold it repeatedly like human hands. It requires more than 200 steps to make the foldable phone developed by Xiaomi, most of which are carried out by intelligent equipment. The dark factory has an annual production capacity of 1 million smartphones. Megvii, a Chinese AI unicorn, built a dark workshop for a household motor manufacturer in Zhejiang province. Xu Qingcai, Senior Vice President of Megvii, said it is typical for AI to empower traditional manufacturers to improve quality and efficiency. At the dark factory, Megvii deploys robots to lift cargo, and AI algorithms can also improve the recognition of stained and wrinkled QR codes. The dark factory also achieved the integration of multiple types of equipment and the interaction among the warehouse control system, the warehouse management system, enterprise resources planning and the production enforcement system. The intelligence of the dark factory is boosted by an AIoT (AI and the Internet of Things) logistics management platform called Hetu developed by Megvii. It can learn and adapt the production site to conduct management and supervision of the equipment.

At the 2021 World Artificial Intelligence Conference in Shanghai in July, Xiao Yaqing, Minister of Industry and Information Technology, said that China's AI development had made remarkable progress in industrial applications with deepening integration of AI technologies and real economy businesses, the China Daily reports. **The output of industrial robots in Shenzhen witnessed a 75.5% year-on-year growth in the first seven months**, while the growth rate in the heavily industrialized city of Dongguan was 123.3% year-on-year in the first half. The output value of industrial robots in Shenzhen reached CNY90.4 billion in 2020, up 9.98% from 2019. The growth was 7.65 percentage points higher than that of the previous year. More than 15,000 industrial enterprises are engaged in digital transformation using industrial internet technology, and over 500,000 companies have adopted cloud computing technology.

Innovation of batteries sought as supply of key resources is tight

The Chinese government has called to strengthen the supply of key resources used for making electric vehicle batteries, but stressed that innovation is still needed to reduce reliance on foreign resources. Xin Guobin, Vice Minister of Industry and Information Technology, said that the cost of NEVs remains high while safety, reliability and convenience need further improvement. The Ministry aims to improve the supply of key resources, including lithium, cobalt and nickel, Xin said. "The Minister's remarks show that China is working to help domestic enterprises withstand fluctuations in the raw materials market for NEVs," said Cui Dongshu, Secretary General of the China Passenger Car Association (CPCA).

Lu Yan, Director of Industrial Research at battery maker Gotion High-Tech, rebutted market rumors that China will centralize the purchase of key mineral resources for NEVs. "Some domestic raw material suppliers for NEVs are indeed suppressing supplies. The call from authorities demonstrated the nation's determination to curb this kind of behavior and ensure the security of NEV supplies in the long term," he said. Since the beginning of this year, the price of battery metals has risen sharply worldwide. Australian lithium and tantalum producer Pilbara Minerals stunned the market when it announced that it had secured an offer of USD2,240 per metric ton for a parcel of lithium-rich spodumene crystal. "It is not only China but also countries worldwide that are scrambling to build bigger **reserves of core raw materials**, which **are key to lowering the high cost of NEVs**. To persuade consumers to replace traditional gasoline-fueled cars with NEVs, the latter must be cost-effective," Cui said. "The high cost of NEVs presents a major bottleneck for any country aiming to achieve faster development in the sector. Acquisitions and investment is one of the ways for domestic companies to effectively guarantee supply," he added.

Contemporary Amperex Technology (CATL) is reported to be the mystery suitor behind a USD298 million offer for Vancouver-based Millennial. Millennial's assets also attracted interest from the China Molybdenum Co. The company is reported to be considering joining CATL in the bid. According to the China Non-ferrous Metals Industry Association, nearly 60% of the country's spodumene crystal has to be imported from abroad to produce lithium salts used in the manufacture of NEV batteries. "Chinese companies should vigorously develop resource-friendly technological innovations like cobalt-free batteries and forefront battery recycling, to reduce their extreme dependence on such resources," said Lu, as reported by the China Daily.

JOB VACANCY

Executive Assistant to the Science & Technology Officer for China of Flanders Investment & Trade

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

Executive Assistant to the Science & Technology Officer for China of Flanders Investment & Trade

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Belgium is a key international economic player, ranked 13th in the world for both exports and imports. Flanders is the largest region of Belgium with Brussels as its capital. Flanders is the main economic driver of the country and is ranked as a regional innovation leader in Europe.

Flanders Investment & Trade (FIT) is the trade and invest promotion agency for the region of Flanders. The Guangzhou office within the Consulate General of Belgium also houses the Science & Technology Officer, who is one of 10 global Science & Technology Officers.

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- Analytical, well-organized, hands-on, eye for detail and creativity are valued skills
- Experience preparing compelling professional presentations for business audience
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- Education and/or professional experience in digital tech, health tech or climate tech is valued

Further requirements:

- Permission to work and reside legally in China
- Holder of Guangzhou 'Hukou' 户口

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

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

How to apply?

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

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

GuangzhouSTA@fitagency.com

In the "subject" field of the mail, specify "your name" + "Science & Technology Assistant".

Deadline of application: **October 15th, 2021**

Only shortlisted candidates will be invited for an interview.

The first rounds of interviews will take place in Guangzhou in the week of October 18 -22, 2021.

Your banner at the FCCC website or newsletter

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

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