

China Business Weekly

23 November 2021



FCCC/EUCBA ACTIVITIES

Webinar: Belgian Customs and its activities in China
24 November 2021, 10h00 – 11h00

WEBINAR

Belgian Customs and its activities in China
24 November, 2021, 10h00-11h00

Isabelle Bedoyan
Counselor, Customs Attaché,
Embassy of Belgium in China

Leslie Lambregts
Director International Affairs,
FAVV-FASFC

Annabelle Schreiber
Agricultural attaché,
Embassy of Belgium in China

Moderated by Gwenn Sonck
Executive Director,
Flanders-China Chamber of Commerce

The Flanders-China Chamber of Commerce – with the support of Flanders Investment & Trade – is organizing a webinar focused on **'Belgian Customs and its activities in China'**.

Program:

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

10h05-10h20: Procedures and regulations of the Chinese customs and other institutions related to import or export, Ms. Isabelle Bedoyan

10h20-10h35: Support given by FASFC to local companies when exporting to China, Mr. Leslie Lambregts

10h35-10h50: Sanitary and phytosanitary requirements for export to China, with focus on the new Chinese registration requirements for foodstuffs (Decree 248), Ms. Annabelle Schreiber

10h50-11h00: Q&A Session

Practical information:

Date: 24 November 2021

Location: Online

Price members: Free

Price non members: Free

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China Dinner: The Picanol Journey in China – 1 December 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. Our second event is an informal dinner which will take place on **December 1, 18h30** at Cercle Royal La Concorde, Kouter 150 in Ghent.

Mr. Johan Verstraete, Vice President Weaving Machines, Picanol Group is our guest speaker, and he will talk about Picanol's experiences in China.

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

Program:

18h30-19h00: Registration and networking.

19h00-19h05: Welcome by Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce.

Speech & Dinner: Picanol's experiences in China, by Mr. Johan Verstraete, Vice President Weaving Machines, Picanol Group, and Board Member, Flanders-China Chamber of Commerce.

Panel discussion and closing remarks: Mr. Kurt Vandeputte, Senior Vice-President Government Affairs, Umicore and Chairman, Flanders-China Chamber of Commerce.

21h30: Finish

Practical information:

Date and time: December 1, 2021, 18h30-21h30

Location: Cercle Royal La Concorde, Kouter 150 in Ghent

Price for Members: €75, + 21% VAT

Price for non-Members: €95, +21% VAT

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HEALTH

Number of new Covid-19 cases drops to single digits in China, but Beijing limits flights from affected provinces



The number of new Covid-19 infections in China has dropped to single digits in a month. The latest Covid-19 resurgence started on October 17 and has so far reached more than 1,340 cases in total, of which most were in the country's North-east.

As cases have been reported in 21 provincial level areas, **Beijing is implementing a stricter policy for inbound flights to the capital.** The number of inbound flights from provincial-level regions with either middle- or high-risk Covid-19 areas will be cut as part of its latest pandemic prevention measures ahead of the Beijing 2022 Winter Olympics. Flights to Beijing from the capitals of such regions will be limited to one per day at less than 75% seating capacity, according to Ren Chaozhong, an official from the Civil Aviation Administration of China (CAAC). Flights to Beijing from cities that are designated as middle- or high-risk areas will also be temporarily suspended, Ren added. Provincial capital cities that include high-risk areas were Harbin, Shijiazhuang, Chengdu, Yinchuan and Zhengzhou. In addition to the reduction of flights, front-line inspections for entry into Beijing will also be stricter. All passengers entering or returning to Beijing will be required to produce a negative nucleic acid test conducted within 48 hours before boarding. Proof of a negative test will be checked at 33 airports, railway stations and bus stations in Beijing. For commuters living near Beijing, the test result is valid for 14 days.

Industry watchers said that the measures will drastically reduce the number of passengers entering Beijing, which will further cut domestic airlines' revenues. The daily average number of inbound and outbound flights at Beijing Capital International Airport and Daxing International Airport is now around 400 and less than 300 respectively, down from nearly 800 and 650 in October.

Following reports from the U.S. that deer have become infected with the Covid virus, **Chinese epidemiologists have also become more concerned about the spread of the virus among animals.** Yang Zhanqiu, Deputy Director of the Pathogen Biology Department at Wuhan University, told the Global Times that more evidence is needed to

show the transmission chain of coronavirus among animals, and what specific species are likely to be infected. "The possibility of the virus spreading among animals so easily is alarming," said Yang. Virologists pointed out that the most urgent task we are facing now is to find the source of Sars-CoV-2. Now the coronavirus is still ravaging the world, with the possibility of more mutations emerging, so the fastest solution to halt transmission is to find the origin of the virus, said Yang.

A Chinese research team has discovered a neutralizing antibody that is likely to be effective against most current and future Sars-CoV-2 variants, bringing more Covid-19 candidate therapies to the country, where six drugs have been domestically developed. The drug, named DXP-604 based on a neutralizing antibody, was developed by a research team led by Xie Xiaoliang, Director of the Beijing Advanced Innovation Center for Genomics at Peking University. It was used on some patients at the Beijing Ditan Hospital and proved able to significantly lower the viral load in patients' bodies and greatly relieve symptoms such as suffocation, and the loss of taste and smell, the Science and Technology Daily reported. The working theory of antibody-based drugs is to prevent a virus from binding with receptors in human cells, an immunology expert told the Global Times. So far, China has used three techniques in developing Covid-specific drugs – blocking virus entry into cells, inhibiting virus replication, and adjusting the human immune system. The three approaches have their respective advantages and strategies in dealing with the coronavirus.

Chinese scientists are also studying the efficacy and safety of **mixing and matching Covid-19 booster shots** and will issue details of an optimal combination in the near future, said Zheng Zhongwei, Director of the National Health Commission's Development Center for Medical Science and Technology. China has yet to adopt a mix-and-match strategy, so people hoping to bolster their immunity after six months are given the same vaccine as their initial jabs.

The Chinese central government dispatched a delegation of epidemic prevention and control experts to the Hong Kong Special Administrative Region (HKSAR) for a four-day visit to study the feasibility to resume quarantine-free travel between the Chinese mainland and Hong Kong. The delegation inspected the epidemic prevention efforts at the Hong Kong International Airport. Quarantine-free travel is likely to resume in early December. Hong Kong still needs to make efforts to further prevent imported cases and boost vaccination rates before the resumption, experts noted. People have not been able to travel freely without quarantine between the mainland and Hong Kong since January 2020. As of November 19, China had delivered more than 2.42 billion Covid-19 doses and fully vaccinated nearly 1.08 billion people, or 76.3% of its population. More than 65.7 million booster shots have also been administered. This overview is based on reports by the China Daily, Global Times and Shanghai Daily.

MACRO-ECONOMY

Anti-Monopoly Bureau officially inaugurated, China joining global anti-monopoly campaign



The newly established National Anti-Monopoly Bureau has inaugurated its office in downtown Beijing, as China is intensifying efforts to rein in monopolistic practices to maintain free competition in the market. The State Administration of Market Regulation (SAMR) under which the National Anti-Monopoly Bureau resorts, also released a guidance document for Chinese enterprises on anti-monopoly compliance. The establishment of the Bureau is expected to improve the business environment for the more than 150 million market players in China, and open up broader space for private enterprises to develop, analysts said. In the past three years, China has investigated and handled 345 cases of monopoly, 37,000 cases of unfair competition, and concluded over 2,000 cases of concentration of business operations. The guidance explained the overseas anti-monopoly compliance system, the focus of overseas anti-monopoly compliance risks, and antitrust risk management. Analysts said that the guidance could be a gift to companies, especially in the private sector. **With more Chinese companies going global, understanding of international antitrust practices is a crucial area of due diligence.** The guidance also explained monopoly agreements, the definition of abuse of dominant market position, specific content of concentration, methods of antitrust investigation overseas, rights of enterprises in overseas antitrust investigations, and foreign antitrust lawsuits.

The move is a preparation for the integration of China's antitrust practice with international standards. Transnational anti-monopoly efforts could be one of the areas of cooperation between China and the U.S., and potentially Europe too, said analysts. Many Chinese digital companies are globally competitive. As their business operations cover overseas users, they will come under the supervision of overseas antitrust regulators, Wang Peng, Assistant Professor at the Gaoling School of Artificial Intelligence at the Renmin University of China, told the Global Times. **Companies may face severe penalties from the host country if they are not familiar with**

antitrust regulations and laws. The new guidance is applicable to Chinese enterprises operating abroad and those engaged in business operations in China that may have an impact on overseas markets. The affected business scope covers import and export trade, overseas investment, mergers and acquisitions (M&As), transfer or licensing of intellectual property rights (IPRs), bidding and tendering, and other business activities overseas.

The issuing of the guidance document is linked to **China applying to join the Digital Economy Partnership Agreement (DEPA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**, Hu Qimu, Chief Research Fellow at the Sinosteel Economic Research Institute, said. "It is expected that there may be a multilateral anti-monopoly mechanism in the future, which is an inevitable result of the development of the global digital economy, and also conducive to regulating the development of the digital economy," Hu noted. China has signed 55 anti-monopoly cooperation documents with 33 countries and regions, and jointly handled dozens of major monopoly cases, according to official statistics. It is difficult for a single country to supervise the global operations of internet companies, said analysts.

According to the guidance, some jurisdictions define different degrees of criminal responsibility for anti-monopolistic actions. Individuals involved in monopolistic behavior, such as senior managers and those directly responsible, potentially face fines or even imprisonment, with penalties of up to USD100 million for corporate offenders and criminal fines of up to USD1 million for individuals and a maximum prison term of 10 years. If illegal gains or the victim's economic loss exceed USD100 million, the company can be fined up to twice that amount. The most recent example was Google, which lost a challenge against EU antitrust rulings and was handed a USD2.8 billion fine, the Global Times reports.

On November 20, the State Administration for Market Regulation (SAMR) issued fines of CNY500,000 on companies including Baidu, Alibaba and Tencent for failing to declare illegal concentration in 43 merger and acquisition (M&A) deals. The deals include Beijing Baidu Wangxun Technology and Nanjing Wangdian Technology's joint purchase of Nanjing Xinfeng Network Technology, Alibaba's acquisition of AutoNavi Software Holdings, and Tencent's acquisition of China Medical Online. Alibaba and Tencent each were involved in more than ten cases. Of the 43 cases, 13 involved Tencent and its subsidiaries, including the tech company's acquisition of China Medonline. Up to 12 cases were related to Alibaba and its subsidiaries, including its acquisition of the mapping company Amap and purchase of stakes in the food delivery company Ele.me.

Including the latest ones, the total number of cases concerning illegal concentration in the internet platform sector has come to 87. Deng Zhisong, Senior Partner at

Beijing-based law firm Dentons, told the Global Times that the recent cases mainly involve internet platforms and the variable interest entity (VIE) structure.

ENVIRONMENT

China's installed capacity of renewable energy reaches 1 billion KW



China's cumulative installed capacity for renewable energy reached 1 billion kilowatt (KW) at the end of October, double that at the end of 2015, according to the latest data from the National Energy Administration (NEA), highlighting the country's efforts to reach its carbon emissions reduction goals. **Renewable energy now accounts for 43.5% of the total installed capacity for power generation in China**, up 10.2 percentage points from the end of 2015. Among renewable sources, the installed capacity of hydropower, wind power, solar power and biomass power plants reached 385 million KW, 299 million KW, 282 million KW and 35.34 million KW, respectively, ranking first in the world. The installed generation capacity of wind and photovoltaic (PV) power in China is expanding at a very rapid speed, Lin Boqiang, Director of the China Center for Energy Economics Research at Xiamen University, told the Global Times. In the first nine months, wind power projects with more than 14 million KW of capacity were put into operation, and the nation's solar power capacity hit 22 million KW.

Last week, the sixth unit of the Baihetan Hydropower Station in Southwest China, the world's second-largest hydroelectric facility, **started to generate electricity**, according to China Three Gorges Corp. This facility is the 100th hydraulic turbine generator unit built by the group across the main stream of the Yangtze river. "It means that

all the 100 hydraulic turbine generator units can be put into full operation to safeguard the winter energy supply, and it also means that the main stream of the Yangtze river has become the world's largest clean energy corridor," said Lei Mingshan, Chairman of China Three Gorges Corp. As of November 19, the installed power generation capacity of China Three Gorges Corp had reached 102 million KW, 96% from clean energy sources. "Nevertheless, to meet China's goal to reach carbon neutrality before 2060, there is still a long way to go in various sectors, especially wind and PV, as these two are the areas with the biggest potential," Lin added. According to Lin, wind and PV power generation combined account for less than 10% of China's total power consumption, but the proportion will reach 60% to 65% by 2060. Analysts said that the power grid's carrying capacity and power transmission remain the two biggest challenges for wind and solar power projects in China, especially after damage to local grids from extreme weather.

A major Chinese-French wind power project has been completed ahead of schedule and was fully connected to the power grid in Dongtai, Jiangsu province on November 20. The joint venture plant, built and operated by China Energy Investment Corp (CHN Energy) and French multinational utility company EDF Group, has a total installed capacity of 500,000 KW. Annual power generation is expected to reach 1.39 billion kilowatt hours, which can meet the annual power demand of 2 million residents, equivalent to cutting the emissions generated by using 441,900 tons of standard coal, 937,500 tons of carbon dioxide and 1,704 tons of sulfur dioxide. According to CHN Energy, total investment in the joint project is about CNY8 billion with foreign direct investment (FDI) exceeding USD160 million, the largest investment by EDF in China's non-nuclear power generation market. The project has two phases. The first phase, with a capacity of 300,000 KW, was connected to the grid at the end of 2019. The second phase, with a capacity of 200,000 KW, was constructed in June this year. Located 37 kilometers offshore, the project was one of the most challenging wind power projects in China in terms of construction.

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CHINA NEWS ROUND-UP

Number of freight trains between China and Europe still rising

More freight train services linked China and Europe in the first 10 months of this year than the record number for all of last year, demonstrating their strong resilience amid the Covid-19 pandemic and role in stabilizing the global supply chain. China State Railway Group said 12,605 trains carrying nearly 1.22 million containers operated between China and Europe from January to October. The number of trains was up 26% year-on-year, while the freight volume was 33% higher. Last year, some 12,400 freight trains carrying 1.14 million containers operated between the two regions. The number of trains was 50% higher than in 2019, and freight volume was up 56% year-on-year. There were 1,262 China-Europe freight trains last month. The number of services along new routes rose last month to account for 35% of overall trips, up from about 20% in the first half of the year. More return trips were handled in the first 10 months of the year to help to reduce costs, with the ratio of inbound services to outbound ones rising to 81%.

Last week, a train carrying 50 containers filled with cargo including guitars and electronic supplies departed from Guiyang, capital of Guizhou province, and headed to Moscow. It was the first direct China-Europe freight train to leave Guizhou. Products from Guizhou had been shipped via other southwestern cities, such as Chongqing and Chengdu, the capital of Sichuan province, since June last year, but the direct service is more convenient for local manufacturers.

On November 5, a freight train loaded with furniture, electronic devices, anti-epidemic supplies and other goods left Alataw Pass on its way to Duisburg, Germany. It was the 5,000th China-Europe freight train to travel via Alataw Pass this year. With the Covid-19 pandemic casting a shadow on the global supply chain, China-Europe freight trains are being favored by more companies because of their stable operation and relatively lower costs, said Xu Yueheng, from the customs authority at Alataw Pass. Xu added that 23 new China-Europe freight train routes have been opened at the port this year. Ahead of the fourth China International Import Expo (CIIE) early this month, a China-Europe freight train carrying a variety of exhibits arrived in Shanghai from Hamburg, Germany. It was the first time CIIE exhibits had been transported by freight train to the exhibition. Using the train rather than the traditional sea route cut the transportation time by half.

China-Europe rail freight services have now reached more than 170 cities in 23 European countries, transporting more than 50,000 kinds of products. This year marks the 10th anniversary of the departure of the first China-Europe freight train, which traveled from Chongqing to Duisburg, the China Daily reports.

Chang'an unveils new electric car brand in collaboration with CATL and Huawei

Chinese carmaker Changan has unveiled a new electric car brand – Avatr – in collaboration with Huawei and CATL, a battery maker. Avatr said it is integrating the strengths of the three companies, which specialize in vehicle manufacturing, smart solutions and battery making, respectively. Changan holds roughly 39% of the new brand, while CATL, China's largest battery maker, owns about 24% as the second largest stakeholder. Huawei does not hold stakes in the joint venture but it is involved in the development of the brand's vehicle architecture. This has made Avatr the third brand to feature Huawei's operating system and autonomous driving solutions after Arcfox and Seres. Avatr said its first model, which will hit the market in 2022, will be a crossover. It will have a driving range of at least 700 kilometers on a single charge and be capable of accelerating from zero to 100 km/h in less than four seconds.

"Average electric vehicles won't sell now, and carmakers need to highlight eye-catching and cutting-edge features," said Yale Zhang, Managing Director of Shanghai-based consulting firm Automotive Foresight. Changan is not the first carmaker to partner with technology companies. **Late last year, China's largest carmaker SAIC established electric car brand IM with Alibaba**. The IM JV with an investment of CNY10 billion said staff engaged in smart driving and big data account for 75% of its research and development (R&D) team. IM's first production model, featuring autonomous parking and wireless charging, was shown at the Guangzhou International Auto Show which opened on November 19. "Electric car buyers are losing interest in conventional carmakers, but association with such big names as Huawei and Alibaba will help carmakers attract attention," said Roy Lu, an independent auto analyst. Lu said independent brands of traditional carmakers will find that partnerships with companies such as CATL will facilitate their financing in the future, as vehicle R&D as well as production is expensive.

China is the world's largest market for **electric cars and plugin hybrids**. Their **sales rocketed 134.9% year-on-year in October to about 383,000 units**, accounting for 16.4% of total vehicle deliveries that month. Deliveries in the first 10 months totaled 2.54 million, 12% of total vehicle sales. The figure was 5.8% in 2020. Zhang Yongwei, Chief Expert at Chinese auto think tank EV 100, said electric cars and plugin hybrids will account for 30% of new vehicle sales in the country in 2025. Smart vehicles with connectivity functions will make up at least half of total deliveries in the same year, he said, as reported by the China Daily.

Digital e-yuan starting to be used in the aviation sector

China's digital currency – the e-yuan – has begun to be used in the aviation industry in recent months. Xiamen Airlines launched the first ticket paid by digital yuan last week. Travelers who reside in digital yuan pilot cities can apply at the Bank of China (BOC), Agricultural Bank of China (ABC), and Industrial and Commercial Bank of China (ICBC) to access digital yuan services. Passengers purchasing air tickets on Xiamen Airlines' domestic official website can also use digital yuan to make quick payments. Digital yuan is particularly well suited for in-flight payments if in-cabin WiFi is not available, meeting the needs of passengers paying for goods or services during flights, Xiamen Airlines said in the note. Competitor Spring Airlines has launched a digital yuan trial in April 2021 when a CNY560 ticket was paid for by e-yuan. It was the first air ticket bought using digital yuan.

Airports are also accepting new e-yuan payments. In October, some stores and the parking lot at Beijing Capital International Airport started accepting e-yuan. The digital yuan will also be used during the Beijing 2022 Winter Olympics, as Fan Yifei, Deputy Governor of the People's Bank of China (POBC), said in July that the Beijing Winter Olympics in 2022 would be a key trial area. **Currently, 1.55 million merchants support digital yuan wallets.** According to Mu Changchun, Director of the Digital Currency Research Institute of the People's Bank of China (POBC), as of October 22, 140 million digital yuan personal wallets and 10 million corporate wallets have been opened. China's digital yuan transactions reached CNY62 billion as of October 22 this year. The e-yuan's real value for businesses will become more apparent in line with the growth in its popularity, Zhang from Spring Airlines told the Global Times.

China one of the world's leaders in agri science and technology

China is one of the world leaders in terms of general agricultural science and technology, the Ministry of Agriculture and Rural Affairs said. Frontier research and breakthroughs in cutting-edge technologies, such as crop genomics and biological breeding, have exerted significant influence on global agriculture, said Yang Xiongnian, Director of the Center of Science and Technology Development under the Ministry. Yang made the remarks when delivering a report on China's agricultural development during the 13th Five Year Plan (2016-20) period at a forum at the Chinese Academy of Agricultural Sciences in Beijing. With the support of projects on genetically modified organisms, domestically produced insect-resistant cotton accounts for 99% of total cotton production, Yang said. "We have successfully cultivated a series of new varieties, such as insect-resistant corn and storable soybeans, which obtained safety certificates for production and application," he said, adding that new varieties accounted for 45% of grain yields. Moreover, China tops the world in the number and operational area of plant protection drones, driving the global development in plant protection through aerial devices.

The technology system of the modern agricultural industry

is developing, Yang said. "China is self-sufficient in 70% of key livestock and poultry varieties," he said. The mechanization rate of crop cultivation and harvesting has reached over 71% as agricultural technology develops. The central government has allocated CNY2.3 billion to launch R&D projects to reduce the use of chemical fertilizers and pesticides. Eight reports about agricultural science and technology have been released during the forum, which includes developments in research, global competitiveness of papers and patents, as well as technical models for emission reduction and carbon sequestration in rural areas over the last five years.

Zhang Taolin, Vice Minister of the Ministry of Agriculture and Rural Affairs, said at the forum that science and technology has become the most important driving force of economic growth in agriculture, the China Daily reports.

Pilot programs to improve business climate in six cities rolled out

China is ready to roll out its pilot reform project for improving the business climate in six cities in an effort to further build a market-oriented, international business environment governed by a sound legal framework. Lu Xiangdong, an official from the General Office of the State Council – the Chinese central government – said that **the six cities are Beijing; Shanghai; Chongqing; Hangzhou; Guangzhou and Shenzhen.** According to Lu, more than 100 reform measures regarding 10 aspects of the business climate will be implemented. Reforms include a more efficient mechanism for businesses to gain market access and to exit, further facilitating cross-border trade, and consolidating the process of compliance. The six cities have been selected for this pilot project because of certain advantages, such as having a relatively complete industrial system and larger scale of market entities. The reforms will directly cater to the needs of business and will help the service sector grow, Lu said. "For this round of reform, it is important that experiences gained from the pilot cities are replicable for nationwide implementation," he added.

Vice Mayor of Shanghai Wu Qing said the city has worked hard to further improve business-related government services for medium and small businesses (SMEs) and is using big data to better empower inclusive finance. Reforms also include the process of starting a business, getting electricity, paying taxes and enforcing contracts, Wu said. More reforms are in the pipeline, facilitating investment, government credit and legal protection. "From January to October this year, the city of Shanghai has newly registered 447,000 market entities, up by 16.8% year-on-year," Wu said, "Going forward, we will see this round of reform as an opportunity to make the business climate more enabling, so that businesses can rest assured and feel convenient about their operations here," according to Shanghai Vice Mayor Wu Qing, as reported by the China Daily.

The government had already reached its target of creating at least 11 million urban jobs this year. Premier Li Keqiang said China's macro policies will continue to center on the nation's over 150 million market players, which are the source of China's economic resilience and potential and

which support the fundamentals of the job market. The government will continue to offer a level playing field for businesses of various types of ownership to enable them to create more jobs and help workers increase their incomes, he said.

China Consumers Association reports illicit promotions by foreign brands

The China Consumers Association (CCA) has released a report on this year's Double 11 online shopping festival, revealing illicit promotions by some foreign brands. China is strengthening regulations of online platforms to better protect consumers. A buyer of goods from American sportswear brand Converse complained that he spent more money by paying a deposit in advance and the balance later than buying the goods without paying a deposit. A consumer of Italian sportswear brand FILA said that he spent a long time getting a coupon during the brand's live-streaming session, which promised the coupon would provide the largest discount. But the next day, the shop issued coupons with higher values, which were made widely available. The CCA said that Converse and FILA had returned the difference in payments to the consumers, but many other consumers are still waiting to get their refunds.

The CCA report also cited Chinese consumers complaining that France-based L'Oréal was delaying its shipments. L'Oréal was also found to be engaging in false promotions. The brand announced in its live-streaming session it would

offer the "biggest discount of the year" with 50 face masks for CNY429. After a few days, consumers found that L'Oréal started to offer a "bigger discount" with 50 masks for only CNY257, nearly half the previous discount.

Li Jiaqi, known as China's lipstick king for selling 15,000 lipsticks in just five minutes through live-streaming sessions, said L'Oreal Paris had advertised that customers would get the steepest discount for a facial mask if they tuned in to Li's live-streaming sessions during a pre-sale for the November 11 campaign, China's largest shopping spree. Consumers later found out they were able to buy the same product at nearly half the price by getting vouchers during L'Oreal Paris' own live-streaming sessions. Li Min, Partner at Shanghai Hansheng Law Offices, said L'Oreal's practice could involve deceptive promotion, mainly in the form of false advertisement. L'Oreal Group meanwhile offered compensation and issued apologies to customers, but the incident showed that foreign companies joining live-streaming events could encounter problems.

James Yang, Partner at consultancy Bain, believed the ubiquitous use of live-streaming has become "an additional complication for brands". "Not only do you have to choose what products, promotions and packages you want to launch on November 11, but now you also have to be very specific on what platforms you will do this on, and why," he said. The CCA noted that the competitive situation in the market is excessively based on how to cash in on internet traffic. The CCA vowed to be serious in dealing with consumers' feedback, the Global Times and China Daily report.

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