China Business Weekly

21 December 2021

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

FCCC/EUCBA ACTIVITIES

China Dinner: The Picanol Journey in China – 24 February 2022, 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 **February 24, 18h30** at Cercle Royal La Concorde, Kouter 150 in Gent.

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: February 24, 2022, 18h30-21h30

Location: Cercle Royal La Concorde, Kouter 150 in Gent; Parking: Kouter

Price for Members: €75, + 21% VAT **Price for non-Members:** €95, +21% VAT

We will follow government guidelines, so we ask every participant to bring a Covid Safe Ticket.

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PAST EVENTS

Webinar: The importance of EU-China cooperation in building a more sustainable and secure future – 14 December 2021

The EU-China Business Association organized a webinar on the subject of **'The importance of EU-China cooperation in building a more sustainable and secure future'** on December 14, 2021.

Ms. Gwenn Sonck, Executive Director, EU-China Business Association, welcomed the participants to the webinar. The EU is prioritizing the green and digital transition political agenda through a variety of programs such as the EU Fit for 55 Initiative and the EU Recovery and Resilience Facility. ICT innovation is going to drive many of these EU initiatives. China is now the world leader in sustainable investment, having provided over USD400 billion to support domestic green technology since 2017. Moreover, the EU and China have different policy platforms where the EU and China cooperate on policies covering smart cities and the health, transport, energy, ICT, and agricultural sectors. Ensuring that smart, sustainable and secure products reach the marketplace is a key priority for governments and the private sector. Our webinar will focus on the opportunities and challenges for EU-China cooperation for building a more sustainable and secure future for all our citizens.

Ms Gwenn Sonck moderated the panel discussion with:

Willem Jonker, CEO, E.I.T. Digital (European Institute for Innovation and Technology);

Zhiwei Song, Director, EU-China Association for Innovation and Entrepreneurship;

Tony Jin, Chief Representative to the EU institutions, Huawei;

Charlotte Roule, Overseas Representative in Paris of the European Union Chamber of Commerce in China;

Jochum Haakma, Chairman, EU-China Business Association

What is E.I.T. Digital doing to promote sustainable best practices across the EU? Mr Jonker: E.I.T. Digital is part of the European Institute of Innovation and Technology and is addressing entrepreneurship and digital skills in Europe to help implement the digital strategy of the EU and the priorities on digital and green. The company is running a pan-European ecosystem with 18 locations in Europe and offices in Silicon Valley. On the platform of European partners of industry, universities, research centers and investors, we build delivery pillars on digital skills, entrepreneurship, innovation, and building and scaling European ventures. On sustainability we work together with E.I.T. Climate Kit and E.I.T. Inno Energy, which are in the core of green transition. We look at two dimensions: sustainable ICT in itself, such as the energy consumption of data centers, and to what extent digital technologies help to save energy or reduce the footprint in other sectors, such as digital books replacing physical books. On the other hand digital connectivity could also lead to more travel after the pandemic. We are preparing a report on how digital contributes to green. E.I.T. Digital is also active in cybersecurity. It is important that the digital world becomes a trusted environment. The sentiment is shifting from the beginning of the decade with all the promising possibilities to concerns about all the digital risks today.

How do you assess China building a more sustainable future and do you see many cooperative projects between China and the EU in the energy sector promoting higher levels of sustainability? Ms Roule: In Europe there are doubts as to what China is doing on green transition in energy. This is indeed happening at a huge pace to achieve carbon

neutrality by 2060. At Engie we focussed on renewable B-to-B. It is important that we develop similar policies. The agreement between the EU and China on an agreed definition of standards for green projects announced at the end of Cop26 is very important. The EU Chamber of Commerce in China has been advocating for a platform of cooperation. One example is the China-Europe Energy Innovation Cooperation Office.

What initiatives is Huawei pursuing in Europe to promote sustainability? Mr Jin: Huawei has a strong sustainability strategy. Digital technology can spur the global economy while improving the people's lives. We align our efforts with the UN Sustainable Development Goals. We have four strategies; first, digital inclusion to leave no one behind in the digital world through the Tech for All initiative. We focus on equity in education and conservation of nature and making the technology more inclusive by investing in technology application and skills. Technology needs to help the people. Secondly, the low carbon and circular economy to minimize our ecological impact. We also help our European partners to help them reduce their energy consumption and emissions. The third strategy is building trust and the fourth is collaboration for the common goals.

How is the EU-China Association for Innovation and Entrepreneurship supporting sustainability and ICT innovation? Mr Song: Our organization was established in 2017. Our core value is innovation, and the internationalization of companies is the driver to do the job. We offer a platform for cooperation between China and Europe, which have different backgrounds and cultures. The speed and stages of development are also different. We promote communication to ensure that people understand each other. We promote exchanges of experiences and knowledge. We are promoting successful stories of collaboration. The Association is organizing every year competitions for innovation and entrepreneurship and also academic exchanges.

Is there enough goodwill between European and Chinese businesses to drive the development of a sustainable and stronger economy? Mr Haakma: The goodwill is there for stronger cooperation between Chinese and European businesses. In the sustainability field, a survey in 2020 by PricewaterhouseCoopers of 89 Chinese companies showed that almost 90% of surveyed Chinese businesses have an awareness of the UN Sustainable Development Goals. Achieving the goals is requiring strong involvement of the private sector. Global investment in research and development will ensure that more energy efficient and environmentally friendly products will reach the marketplace. International collaboration is key to build a more sustainable society. The EU Recovery and Resilience Facility is going to help to build a more sustainable society over the next five years we hope. The new EU research, science and innovative program Horizon Europe is going to promote stronger levels of cooperation between the European and Chinese private sectors in the areas of ICT, agriculture, health, environment, transport and urbanization. We are on the right track.

Ensuring that products are safe and secure is an important element of the sustainability debate. What is E.I.T. Digital doing in cybersecurity and sustainability? Mr Jonker: In the area of cybersecurity, the surface of attack has enormously expanded by hooking up more and more devices and systems to the network. If it is smart, it is vulnerable. The moment that you have embedded software in cyberphysical systems they become vulnerable. Your critical systems, such as oil pipelines and train networks, are vulnerable. The way to do cybersecurity engineering changes from a traditional strong focus on data encryption in two directions, system architecture and user-system interaction, and secondly securing data and detect potential malicious behavior. These more recent developments are embedded in our education programs to make sure that people who are developing digital systems take these things into account. Sustainability really lends itself to global collaboration. If you want a reduced imprint on the Earth you need to work together across the continents to make sure you don't get substitution effects. Some digital technologies, such as blockchain, raise concerns. When not implemented properly, blockchain comes with an enormous energy consumption, some of it in vain. Industry has to come with an answer to address the energy consumption in digital, by developing for example more efficient equipment and standards for a sustainable infrastructure. We should also look at the impact of digital on other sectors. In TVs, going form CRT to LCD screens, there was an enormous energy reduction even with improved quality, but now we see that those screens are all over the place leading to much more energy consumption adding up all LCDs compared with all CRTs. We should keep an eye on this kind of substitution effects. The argument that digital transformation leads to a lower energy footprint does not hold.

What are the key challenges and opportunities in sustainability? Ms Roule: In a survey of the EUCCC, 16% of companies conducted technology transfer for a business opportunity. Half of the members reported that the IT protection system was quite good, but of course this is only half. In China there are some data security requirements that are extremely high and it might not be feasible for European companies to upgrade their systems and they will leave the country. The tech localization push in China is also worrying. We can do more on green standards and e-mobility. It is difficult in a pandemic situation, but China should be more open in accessing the country. It is currently very difficult to send people to China.

How is Huawei promoting cybersecurity? Mr. Jin: We are one of the best experts in the world. We have the principle “Assume nothing, believe no one, check everything”. Cybersecurity is built within all our operations and company structures. In Europe we have more than 3,500 engineers dedicated to research. There has never been a serious cybersecurity incident in Huawei in the past 30 years. We have a high-level governance structure to manage our policies. The company has more than 3,000 people dedicated to cybersecurity. We also work together with industry as Europe has the leadership in cybersecurity standards. Cybersecurity is a shared responsibility.

What are the main challenges in developing stronger links between China and Europe in the area of sustainability? Mr Song: China and Europe have different backgrounds although we both have a long history. When

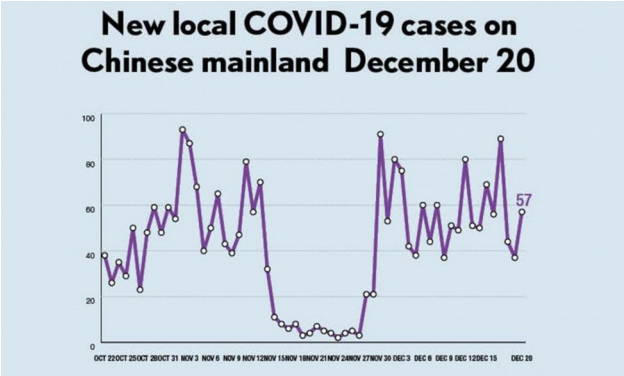
Europe had the industrial revolution, China was closed. When Europe was in its rapid development stage, China had the cultural revolution. In the last 40 years, China has been rapidly developing its economy. Looking at Covid, we also see the power of China. We have to rationalize the differences, which is a challenge. Not all Europeans can understand Chinese and vice versa. How do we deal with the differences? I like the slogan from Rabobank: “Growing a better world together”. Diversity and inclusiveness go hand in hand. We have to recognize the differences but also learn to work together. The Chinese are doing 30% of planning and 70% of practice and the Europeans are doing 70% of planning and 30% of contingency, but we both achieve almost the same results. The one is not better than the other, it's a cultural difference. If we can recognize the differences we can better understand each other. At the end of the day, we have to open up to each other. In Europe we have been developed for many years, we have good maturity in terms of technology and regulations, while China is still very rapidly developing. If we can share what we have and learn from each other, we can do better. We have many common values and objectives. Ms Roule: It is very important to identify the differences. China is a fitness center for businesses according to the EUCCC President. You take the stage, take initiative and innovate and it is different from Europe.

Mr Haakma: How is Huawei cooperating with telecom operators in cybersecurity? Mr Jin: Huawei is paying a lot of attention to cybersecurity. Huawei has opened four transparency centers in Europe, including in the UK, to allow standardization organizations and our customers to verify our products. We are the only ones allowing the authorities to check our source code. The pressure we feel since three years has strengthened our capabilities in cybersecurity. It is an issue we need to solve properly.

Mr Jochum Haakma delivered the closing remarks. Both the EU and China are pushing the political agenda that will ensure we will live in a greener and more sustainable society. This will help the world in achieving the UN Sustainable Development Goals by 2030 and help to fight climate change. The EU-China Business Association wants to push this policy agenda because of its importance and also the opportunities that arise from it. New technologies and ICT innovation will bring more competition and environmentally friendly products. It is important that there is strong bilateral cooperation between China and the EU on sustainable issues, but it is equally important that governments across the world, together with the private sector, work together with international organizations such as the UN to promote the broader sustainability agenda.

HEALTH

Sinovac says its vaccine is effective against Omicron; several Covid-19 outbreaks reported in Zhejiang



With the upcoming New Year and Chinese Spring Festival holidays, China will take targeted measures to limit the spread of Covid-19, rather than one uniform policy for the whole country. Liang Wannian, head of the Covid-19 response expert panel of China's National Health Commission (NHC), advised medium- and high-risk areas, ports and border cities, and cities that will host major public activities – including the Winter Olympic Games in Beijing – to take strict epidemic prevention and control measures. Other regions should adopt flexible and effective policies based on local conditions rather than adopt a “one-size-fits-all” approach, he stressed. Beijing health authorities are encouraging the city's residents to stay in Beijing unless travel is necessary, but those who wish to leave the city can do so. Many provinces, including Heilongjiang, Yunnan, Jiangxi, and Henan have issued regulations for inbound travelers from low-risk areas to only provide negative nucleic acid test results and green health codes, removing requirements for mandatory quarantines.

So far, four imported Omicron cases have been detected in mainland China, the first one in Tianjin, the second in Guangzhou, and two in Changsha, all in returning Chinese travelers. The Guangzhou patient had completed his quarantine in Shanghai and tested negative several times, before testing positive during home quarantine in Guangzhou. A few local cases linked to the imported case have also been reported. Both major

Chinese vaccine producers Sinopharm and Sinovac are studying the Omicron variant to determine if a new vaccine is needed. A third producer, CanSinoBIO, said its Covid-19 vaccine can provide a decent level of protection against Omicron. The levels of neutralizing antibodies against Omicron after a booster are 10 times higher than those when taking three doses of an inactivated vaccine, CanSinoBIO stressed. The company is developing a new vaccine targeting the Omicron variant.

The latest study shows a third shot of Chinese biotech firm Sinovac's inactivated vaccine can more than double the antibodies against the Omicron variant. The study was conducted by the company on 20 people who received two shots and another 48 who received three shots. Seven in the first group and 45 in the second tested positive against the Omicron variant. Sinovac said that the data demonstrated that a booster shot can effectively enhance the vaccine's neutralizing capacity.

Current Covid-19 outbreaks in China are concentrated in Zhejiang, Shaanxi, Inner Mongolia and Heilongjiang. More than 425 cases were reported in the recent outbreak in Zhejiang province, with Shaoxing the hardest hit. Authorities in Ningbo, a port city in Zhejiang, are encouraging migrant workers to stay in the city during the upcoming Spring Festival holiday from January 31 to February 6. Companies are encouraged to seize the opportunity to increase output. One Covid-19 case has been reported in Beijing, linked to one in Xian.

Some producers of cobalt, a key component in lithium-ion batteries for electric vehicles (EVs), in Zhejiang province **have suspended work** due to recent Covid-19 flare-ups, pushing up the already high prices of the raw material in China. Two cobalt salt plants in Zhejiang halted production on December 10. Their combined output of cobalt sulfate was about 700 tons in November, accounting for about 12% of the total supply of cobalt sulfate in China that month, while their combined output of cobalt chloride reached 600 tons, accounting for 14% of total supply. Prices of cobalt have been on the rise since December 10, increasing by CNY16,000 per ton. The price of domestic electrolytic cobalt was CNY482,500 per ton on December 15, an increase of 76% from the beginning of the year.

Traditional Chinese medicine (TCM) therapy will be considered to treat patients with the Omicron strain, experts with the National Administration of Traditional Chinese Medicine said. TCM has proven effective in treating Covid-19 patients through reducing symptoms and boosting their immune systems. A treatment plan will soon be released, Zhang Zhongde, Vice President of the Guangdong Hospital of Traditional Chinese Medicine, said at a press conference. Zhang Boli, Dean of the Tianjin University of Traditional Chinese Medicine, said in March that no matter how the virus mutates, the effectiveness of TCM won't be affected. The principle of TCM treatment is not aimed at the virus itself. Instead, it works to improve the human immune system, so that the strong resistance and immunity of the patient can defeat the virus, Zhang Boli explained.

Meanwhile, Xian in Shaanxi province has recorded **cases of hemorrhagic fever,** which is caused by the hantavirus. Medical experts said that rodents are the main source of infection, but vaccinations can effectively prevent and control the disease, while human-to-human transmission is basically impossible. The disease can be transmitted by a mouse bite, by eating food or water that a mouse has crawled over, or by contact with infected mouse blood, urine or feces. The number of epidemic hemorrhagic fever cases in China from January to August in 2020 was 4,359, and the death toll was 21.

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

FOREIGN INVESTMENT

China still wants more foreign investment, as actually used FDI increases 16% in first 11 months

Foreign direct investment (FDI) in actual use surged by around 16% year-on-year to more than CNY1.04 trillion during the first 11 months of this year. In U.S. dollar terms, FDI exceeded USD157 billion, up 21.4% year-on-year, according to China's Ministry of Commerce (MOFCOM). As the Chinese economy faces downward pressure from demand contraction, supply shocks and weakening expectations, the annual Central Economic Work Conference emphasized expanding high-level opening-up and strengthening efforts to attract more FDI. Zhang Yansheng, Chief Researcher at the China Center for International Economic Exchanges, said it is necessary to further demonstrate to foreign investors China's firm stance on deepening reform and expanding opening-up. That will stabilize their expectations to secure growth in foreign investment, which will help beef up China's economic growth, he said.

Huo Jianguo, Vice Chairman of the China Society for World Trade Organization Studies, noted that the Chinese government has always attached great importance to facilitating FDI growth, as FDI plays an important role in the healthy operation of the Chinese economy. The nation has adopted various measures over the years to boost the use of foreign capital. Such measures include reducing taxes, shortening the negative list for foreign investment, and lifting foreign ownership caps in sectors like securities, futures and life insurance.

China has also become a major destination for FDI because the country has a huge market, strong economic resilience and continuous opening-up, which should help share its development dividends with the rest of the world. **In 2020, FDI in China rose by 6% to USD149 billion, contrasting a 35% plunge in global investments due to Covid-19.** "The enhancement of a market mechanism-based and law-abiding domestic market that is up to high-level international standards, should be the focus in the next phase to boost foreign investors' confidence in China and attract more foreign investment," Huo said. The Commerce Ministry said the nation will continue to reduce items on the negative list for foreign investment, strengthen services and protection for foreign-funded enterprises and projects, and foster a constantly improving business environment. Huo suggested the nation should take more measures to further open up its services sector to foreign investors as the sector's growth remains essential for worldwide economic growth. Ministry data showed actual use of FDI in China's services sector surged 17% year-on-year during the January-November period to CNY824 billion, or about 80% of total FDI inflows. FDI in the high-tech industry grew about 19% year-on-year during the same period. FDI in high-tech services rose by about 21% year-on-year and that in high-tech manufacturing by 14%, the China Daily reports.

Strong fundamentals in China's consumption sector are likely to extend into 2022, with sales of fast-moving consumer goods (FMCG) expected to stabilize at a 3% to 4% growth next year. FMCG volume gained 3.3% and its value rose 3.6% in the first nine months for a modest recovery amid the Covid-19 pandemic, even if average selling prices, which remained depressed, have gained only 0.3%, said the China Shopper Report by Bain & Co and Kantar Worldpanel. The report is now in its 10th year of publication. For the first three quarters, personal care categories reported a 3.8% volume growth and 2.1% gain in average selling prices. This in turn led to 5.9% value growth, which was a substantial improvement from the 1.1% value growth for the same period last year.

FOREIGN TRADE

U.S. intensifies crackdown on Chinese tech firms

The U.S. government's attempts to crack down on China's high-tech sector are intensifying in scope and frequency, as the Biden Administration banned eight Chinese tech companies from receiving U.S. capital and supplies, after Chinese artificial intelligence (AI) firm SenseTime was put on a U.S. investment blacklist on December, leading the company to postpone its IPO in Hong Kong. Chinese experts said that as a result U.S. investors will be forced to give up many chances to reap profits in China's rapidly developing high-tech sectors. The eight firms include **China's drone manufacturer DJI, facial recognition software company CloudWalk Technology and AI company Yitu Technology**. The U.S. government blacklisted those companies from U.S. investment on the allegations that they are involved in the surveillance of Uyghur muslims in Xinjiang. The eight firms had already been placed on the Commerce Department's entity list, which restricts U.S. companies supplying products or technologies to the Chinese companies.

Leon Technology said that its business does not involve U.S. markets, and the investment blacklist would not have a major impact on the company's operation, products and services or its business performance. DJI declined to comment when contacted by the Global Times. The Financial Times reported that the U.S. Commerce Department plans to place more than two dozen Chinese companies on the entity list to restrict U.S. companies' exports to them, including some involved in biotechnology. The U.S. government is expanding its crackdown from upstream products, such as chips, to the entire high-tech industry chain. "Since the U.S. cannot afford to decouple with China in trade ties, it will do everything to suppress Chinese companies in the field of science and technology," Cui Hongjian, Director of the Department of European Studies at the China Institute of International Studies, told the Global Times. According to Cui, the U.S. government sees competition in science and technology as key to maintain its position of global dominance. In areas where they think China has a chance of surpassing the U.S., such as drones and AI technologies, the U.S. will launch crackdown measures, whether those companies have business in the U.S. or not. "The U.S. logic is that it will cooperate with China in areas like climate change, but in the technology sector, they will only view China as a competitor," Cui said.

According to experts, such investment bans will restrict capital from flowing to China's tech companies, one of the

favorite investment targets for U.S. venture capital institutions in recent years. As a result, domestic tech startups going through initial rounds of financing will be impacted to some extent. However, this impact will be limited as there are alternative financing channels, including investors from countries other than the U.S. and increasingly mature domestic venture capital investors, analysts said.

None of the eight tech companies will suffer major impacts as none of them is listed in the U.S., and they are capable of attracting domestic venture capital. China's AI industry will also manage to grow independently despite U.S. sanctions, as it does not rely on U.S. supplies as much as other industries, such as mobile phones. "AI products usually don't need chips like mobile phones do, and therefore companies don't have to import U.S. chips in large quantities," Dong Shaopeng, Senior Research Fellow at the Chongyang Institute for Financial Studies at Renmin University of China, told the Global Times. The analysts also stressed that the U.S. will only hurt itself by stemming capital flow to China's tech companies, as such actions would not only deprive U.S. companies from sharing the gains made by Chinese tech firms, but also ruin the reputation of the U.S. "free" market, the Global Times reports.

CHINA NEWS ROUND-UP

More pro-growth measures expected in early 2022

China is expected to ramp up pro-growth measures early next year to boost domestic demand and help foster a new economic upturn that may begin by the middle of 2022, officials and experts said. The latest figures showed that the country's production activities remained robust, but consumption and investment remained lukewarm, underlining the necessity for policy support to bolster market demand and buffer downside risks, they said. Industrial output rose by 3.8% year-on-year in November, up from 3.5% in October, the National Bureau of Statistics (NBS) said. Experts attributed the acceleration to the recovering supply of raw materials and energy, as well as buoyant export orders.

However, retail sales grew 3.9% year-on-year last month, down from 4.9% in October, as sporadic Covid-19 cases reduced offline consumption. The growth in fixed-asset investment (FAI) also slowed to 5.2% year-on-year during the January-November period, compared with 6.1% a month earlier, amid the slowdown in property development and infrastructure investment. Noting the weakening consumption and investment figures, NBS Spokesman Fu Linghui said the nation will step up efforts to expand domestic demand, strengthen macro policy adjustments and ensure the containment of Covid-19 to bolster consumer confidence.

"There remains a good foundation for overcoming the challenges and maintaining steady economic development next year," Fu said, adding that domestic demand is expected to pick up steam amid improving household incomes, stable employment and the rollout of infrastructure projects. The policy-setting Central Economic Work Conference earlier this month acknowledged that the country is facing demand contraction and required action to safeguard macro-economic stability. Wu Chaoming, Chief Economist at Chasing Securities, said it is important to ramp up macro policy support early next year, when economic downward pressure may intensify due to weaker export growth and a slowing property sector. China's central bank is likely to cut the interest rate in the first half of next year, which will help reduce financing costs, boost consumption and shore up market confidence, he said. Kristina Hooper, Chief Global Market Strategist at Invesco, said she expects China's economy will pick up by the middle of next year amid macro support, and more cuts in the reserve requirement ratio (RRR) may take place, the China Daily reports.

China's container shipping registers steady growth

China's container shipping sector registered steadfast growth this year amid headwinds from the Covid-19 pandemic and container shortages. Cargo throughput at China's ports totaled 12.87 billion metric tons in the first 10 months, up 7.8% year-on-year. Container throughput reached 235 million TEU, expanding by 8.4% from a year earlier. China's foreign trade in the first 11 months surged 22% year-on-year to CNY35.39 trillion. The figure, already surpassing the CNY32.16 trillion total for all of 2020, marked a 24% increase from the pre-pandemic level in 2019.

Effective pandemic prevention and control measures adopted by the Chinese authorities contributed significantly to stabilizing industrial chains, thus boosting overseas shipping orders of Chinese companies. Chairman Wan Min of China COSCO Shipping Corp said the company handled around 22.45 million TEU of containers in the first 10 months, representing a year-on-year growth of 5.7%. When the container shortage hampered China's container shipping industry, COSCO Shipping transported 13,469 empty containers back to domestic ports in March, alleviating the container shortage. The supply of new containers has also been boosted by container manufacturers accelerating production. In September, the

monthly container production capacity in China surged from 200,000 TEU to a record high of 500,000 TEU. Favorable policies to facilitate cross-border trade and promote trade and investment in pilot free trade zones (FTZs) also boosted trade.

In Hainan province, an international maritime transport and trade hub is taking shape in Yangpu port, with favorable measures targeted at investment, administrative approvals and financial support for small and micro-sized firms attracting more and more foreign trade companies to the area, the China Daily reports.

Home prices increase at a slower pace

New and pre-owned home prices in China's major cities continued to increase at a slower pace, and the latest measures to promote the healthy development of the property sector are expected to further stabilize market expectations, said experts. In November, most of the 70 large and medium-sized Chinese cities saw very modest growth in new and pre-owned home prices compared to a year ago, and their month-on-month growth rate also fell, said Sheng Guoqing, Chief Statistician with the National Bureau of Statistics' Urban Division. New home prices in the 70 biggest cities rose 2.4% year-on-year in November, but dipped 0.3% from October. Among them, up to 59 cities reported negative growth in new home prices month-on-month. The four biggest cities saw little change in their average new home prices from the previous month. Beijing and Shanghai reported price increases of 0.3% and 0.2%, respectively, while Shenzhen remained unchanged and Guangzhou declined 0.6%.

Compared with a year earlier, the benchmark cities' new home prices grew at a slower pace of 4.8%. The 31 second-tier cities tracked by the NBS slid 0.4% on average month-on-month, and their average prices grew 3.3% compared to last year. Among the 35 third-tier cities, the two figures were a negative 0.3% and positive 1.4% respectively. "This is the third month in a row for the new home price index to drop month-on-month, indicating that more property developers were promoting properties under mounting pressure from destocking of residential homes," said Yan Yuejin, Director of the Shanghai-based E-house China Research and Development Institution. In order to stabilize home prices amid cooling market sentiment, bringing about rational home consumption is important to reach a supply-and-demand balance, Yan said. The pre-owned home market showed a similar trend. Prices in the four first-tier cities edged down 0.2% from the previous month. In the 31 second-tier cities, used home prices declined 0.4% from a month ago, but grew 2.0% year-on-year. The 35 third-tier cities saw their existing home prices drop 0.4% from the previous month, against an increase of 0.5% from last year, the China Daily reports.

Property investment stood at around CNY13.73 trillion in the first 11 months, data from the NBS showed. Compared with the same period in 2019, property investment climbed 13.2%, putting the two-year average at 6.4%.

Premier Li Keqiang encourages foreign companies to continue investing in China

China is a marketplace "with huge potential" and it will continue working to create a business climate that is market-based, internationalized and follows the rule of law, Premier Li Keqiang told international business leaders, encouraging companies from all countries to continue to expand their investment in China. Reform and opening-up is a path China must follow to achieve modernization, Li said, adding that the nation will continue strictly protecting intellectual property rights and impartially treating international and domestic companies. The Premier made the remarks during a virtual meeting in Beijing with representatives of about 30 Fortune Global 500 companies, including Schneider Electric, Dow, ABB, Panasonic, Cargill, Rio Tinto, Starbucks and Volkswagen.

Li praised international companies for their contributions to China's reform, opening-up and modernization, and he had in-depth discussions with the business leaders. The government is implementing the strategy of innovation-driven development, and will maintain its institutional arrangement for tax-and-fee reduction to increase the proportion of research and development (R&D) investment in China's gross domestic product (GDP), Li said. The government will support companies in their innovation drive through methods that are fair, inclusive and market-based, Li said. He added that it will also enhance the development of new energies and clean utilization of coal through technical innovation and cooperation, and try to achieve green and low-carbon development while ensuring adequate supply of electricity.

Li also briefed the participants on China's economic situation. Facing new downward pressure, the nation will focus more on stabilizing economic growth and ensuring economic performance remains within a reasonable range, he said. There are as many as 150 million market entities in China, Li said, adding that the government will make every effort to relieve companies of the difficulties they are experiencing in order to stabilize growth and employment. The government will also encourage entrepreneurship and innovation in order to generate more jobs and increase creativity, the Premier said. The government will make and implement macro policies according to the needs of market entities, strengthen fiscal and financial support for them, reduce their taxes and fees and lower their financing costs, he said. The business leaders taking part in the meeting expressed their confidence in the prospects for China's economy and said they hope to actively participate in China's modernization drive, the China Daily reports.

The EU imposes anti-dumping duties on imports of steel wind towers from China

After an investigation launched following a complaint by the European Wind Tower Association, **the European Commission decided to impose anti-dumping duties from 7.2% to 19.2% on imports of steel wind towers from China**. The duties apply for five years and aim to protect and defend EU producers and workers, such as those in Denmark and Spain, according to the European

Commission. The latest EU tariffs would have little impact on Chinese producers, industry observers said. EU imports of steel wind towers from China are worth €300 million, accounting for a small portion of China's wind power product exports.

In 2020, exports of China's wind turbines were worth USD1.1 billion. The top overseas markets for China's wind turbines are Australia, the U.S., South Africa, Pakistan, Argentina and Ethiopia, according to a 2020 report by the Chinese Wind Energy Association (CWEA). By the end of 2020, China had exported wind turbines to 38 countries, including four new markets: Canada, Croatia, Vietnam and Greece, the CWEA report said. Goldwind sold the largest number of wind turbines abroad last year, with their capacity overseas hitting 4,300 megawatts and accounting for 60% of China's total wind turbine exports.

Even if there is no big gap in the quality of products between Chinese and Western wind power companies, exports of Chinese companies still lag behind that of Danish Vestas, a major wind power company globally. "That is because Chinese wind power companies mainly rely on the domestic market, and so do the Americans. But European companies would rather focus on the international market," an observer said. China pledged to peak carbon emissions by 2030 and achieve carbon neutrality by 2060. These ambitious goals require wind power to play a bigger role. **For the past 12 years, China has had the largest wind power capacity.** China's wind power turbines have generated more than 300 million kilowatt, 1.4 times that of the EU and 2.6 times that of the U.S. by the end of 2020, the Global Times reports.

BMW accelerating its "China First" approach

German carmaker BMW has announced in a strategy upgrade that it is "At Home in China" and accelerating a "China First" approach. China, the world's largest car market, which accounts for one-third of all BMW vehicle sales, is also becoming the company's largest production base globally, with three new or upgraded plants to start operation in the country. "BMW Group will continue to be confident and committed to 'At Home in China' and synchronizing with China's economy and society for a win-win future," the company said. BMW Group will participate in China's innovation and green development and join hands with Chinese partners to promote development and transformation, and digital innovation.

Nicolas Peter, Management Board Member of BMW responsible for Finance and China Affairs, said he feels "at home" when visiting China. "What moves China today will move the world tomorrow. It is a perfect place and a great partner for the BMW Group to drive transformation". He added that one in three vehicles delivered by BMW went to Chinese customers this year, which "highlights the Sino-German trade". The year 2022 will mark the 50th anniversary of the establishment of diplomatic ties between the two countries. Jochen Goller, President and CEO of BMW Group Region China, said the upgraded strategy is to apply a "China First" approach. Besides synchronizing with its global strategy, "China First" also means being independent enough to respond quickly to market changes, especially promptly taking into account the expectations of Chinese customers, the China Daily reports.

China to reduce import tariffs in the framework of RCEP

China will reduce tariffs on a wide range of goods imported from nine countries starting January 1 in a major move to implement the landmark Regional Comprehensive Economic Partnership (RCEP) agreement, which will promote the growth of regional trade and investment, according to the Ministry of Finance. China's tariffs on imported goods from Japan, Australia, New Zealand, Brunei, Cambodia, Laos, Singapore, Thailand and Vietnam will be reduced, the Office of the Customs Tariff Commission announced. As a result of this latest move, more than 90% of the trade in goods among RCEP members will be tariff-free, and they will enjoy new market opportunities, said experts. The timetable for implementing tariff reductions on imports from other RCEP members will be announced later by the Commission. It is the first time that China and Japan have agreed to reduce tariffs in bilateral trade. In 2022, China will eliminate tariffs on 24.9% of imported goods from Japan, and about 55.5% of Japan's imports from China will be tariff-free.

In addition, China will adopt interim tariff rates for 954 items of imported goods starting from January 1, 2022. For instance, the tariff on radium chloride injections, a new type of cancer treatment, will be cut to zero next year, and tariffs will also be reduced for some consumer goods, such as baby clothes and skiing gear. Tariffs on some key components, such as high-purity graphite fittings and high-voltage cables, will also be reduced. From July 1, 2022, China will also cut Most Favored Nation tariff rates for 62 information technology products, for which the average rate will be reduced from 3.4% to 1.7%, the China Daily reports.

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