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

FCCC/EUCBA ACTIVITIES

Webinar: Likely pricing scenarios: how much will it cost you to ship by sea and rail between China and Europe in 2022? – 26 January 2022 – 10 am

The Flanders-China Chamber of Commerce is organizing a webinar, **'Likely pricing scenarios: how much will it cost you to ship by sea and rail between Europe and China in 2022?'.** This webinar will take place on January 26, 2022, from 10h00 am to 11h00 am CET.

Current spot ocean tariffs on the route ex-Asia, in particular ex-China, to Europe continue to be high. How long will these higher rates and delivery times continue and what changes, if any, can we expect in the coming months? For traders and businesses in Western Europe needing to export to, and import from, China, what will be the impact? In this webinar, we will provide a comprehensive picture of the current rates on the different routes, as well as drawing comparison with other ocean trade routes (between the US and China, for example). How do these rates compare with transporting by rail, which is a growing option for many traders?

During this webinar, Mr Pepijn De Vreese, Chief Officer International Trade at the Port of Zeebrugge, will give a presentation on the impact of container shortages on the global shipping supply chain and its impact on Zeebrugge as an emerging BRI hub, as well as on the future outlook. He will be followed by Mr Didier Duponselle, Business Unit Director Supply Chain Solutions, AHLERS, who will explain the current ocean spot tariffs and how prices are expected to behave in 2022. Each of them will refer to supply and demand on this trade route in an historical context.

The session will be moderated by Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce.

This event is free for Members.

Programme:

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

10h05-10h30: Presentation on the impact of container shortages on the global shipping supply chain and its impact on

Zeebrugge as an emerging BRI hub, by Mr Pepijn De Vreese

10h30-10h50: Presentation on the current ocean spot tariffs and how prices are expected to behave in 2022, Mr Didier Duponselle

10h50-11h00: Q&A Session

Practical information:

Date and time: January 26, 2022, 10h00-11h00

Location: Online

Price for members: Free

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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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HEALTH

Xian lockdown in third week; Tianjin population tested after 20 cases detected

Xian, capital of Shaanxi province, is in lockdown for a third week, while the whole population of Tianjin has been tested after more than 20 Covid cases – including a few of the Omicron variant – have been detected.

Tianjin Municipality, with 15 million people and a major gateway to Beijing, **started massive nucleic acid testing on January 9** after the city detected 20 Covid-19 infections in a single day. Tianjin had 31 confirmed Covid-19 cases and 10 asymptomatic ones as of 6 pm on January 10. Two of the cases have been confirmed as the Omicron strain, and more than half of the cases are students. Around 75,000 people are in quarantine. **Henan province reported 60 cases** on January 9, 24 were found in its capital, Zhengzhou, 15 in Anyang and 21 in Xuchang. Two locally transmitted cases in Anyang were identified as being of the Omicron variant. The cases are part of the transmission chain in the current outbreak in Tianjin. The source of the new cases in Anyang has been identified as a college student who returned from Tianjin to Anyang on December 28.

Epidemiologists said it is the first real battle against Omicron on the Chinese mainland as domestically-transmitted cases linked to the strain were discovered in local communities for the first time. The sudden outbreak also put adjacent Beijing on alert, creating uncertainty and the high possibility of a spillover. Anyone in Beijing who had visited Jinnan and Nankai districts of Tianjin since December 23, 2021 will be subject to home quarantine and be tested. Entry checkpoints from Tianjin to Beijing have implemented heightened epidemic inspection protocols. Sales of train tickets between the two cities have been suspended. But epidemiologists assured that as long as rapid tracing of the origin of the new viral chain is conducted and effective measures are put in place, the outbreak is expected to be extinguished before China's Spring Festival and the 2022 Winter Olympic Games in February.

Nationwide, there were 97 new local symptomatic cases and two asymptomatic ones announced on January 10. There were also 100 imported cases, of which 60 were symptomatic.

In Tianjin, two locally transmitted cases of the Omicron variant were identified among individuals who volunteered to be tested on January 8. A further 18 cases were found in a follow-up tests of high-risk groups. The Tianjin municipal government said the two cases were part of the same transmission chain, but are not linked with the imported Omicron case detected in December, 2021 in the city. The two Omicron infected individuals had not travelled outside the city recently. Among the 20 infected people, 15 are children aged between 8 and 13. Tianjin authorities ordered residents not to leave the city unless necessary. The health code of residents who didn't receive a nucleic acid test within 24 hours will be changed to orange, which means the person is restricted from entering public places, including subway and buses.

The lockdown in Xian will be lifted only when there are no longer any Covid-19 patients outside quarantine, according to Chen Zhijun, Deputy Director of the Xian Center for Disease Control and Prevention. The city, which has a population of 13 million, was put under lockdown on December 23. Meanwhile, in the past week the number of newly detected cases has been dropping. There are 16 patients in a severe condition.

The central government and governments at all levels in Shaanxi province have invested more than CNY2.82 billion to help fight the most recent outbreak. According to the China Daily, **there is no reason for China to give up its zero-tolerance Covid policy,** but local governments should make control and prevention measures more targeted and arrangements more detailed to make life easier for those placed under lockdown.

Vice Premier Sun Chunlan urged medical institutions in Xian to adhere to people-first and life-first principles and never refuse to provide medical treatment when necessary. Residents' access to medical services must not be denied under any pretext, despite the ongoing urgency of containing the further spread of the coronavirus, said Sun. She made the remarks after a pregnant woman was denied access to a hospital because her negative Covid test had expired for four hours. Due to her non-admission, she had a miscarriage. "Serious and critically ill patients must be admitted whether or not they have proof of nucleic acid tests," she said. Designated hospitals should be built to provide continuous medical services to pregnant women, new-borns and those undergoing dialysis, radiotherapy or chemotherapy, Sun added. A man from a medium-risk area who suffered from angina died after he had been refused entry by several hospitals.

Hong Kong banned incoming passenger flights from eight countries – Australia, the United Kingdom, the United States, India, Canada, France, Pakistan and the Philippines – for two weeks and reinstated stringent social distancing measures to stifle a looming Omicron outbreak. Chief Executive Carrie Lam said now is a critical moment for the city to prevent a substantial outbreak. Transit flights from the eight countries will also be banned. The government canceled large-scale public gatherings and banned indoor dining in restaurants after 6 pm. It will also close swimming pools, sports centers, bars and clubs, museums, fitness centers, beauty salons, theme parks and other venues for at least two weeks. Local group tours and "cruise to nowhere" trips to international waters will be suspended, while visits to patients in hospitals and long-term care homes are banned as well. Lam admitted that the much-anticipated border reopening with mainland China will be affected. Hong Kong's vaccination rate remains at around 70%.

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

FINANCE

E-CNY use soars after roll out of mobile apps

Electronic payments with China's digital currency – the e-CNY – have increased significantly after its use was made available in major mobile apps. Meituan said the number of digital yuan-denominated payments jumped 42.7% after the Meituan app was linked to the e-CNY app developed by the People's Bank of China (PBOC). The transaction value of the digital currency via Meituan also surged 64.4% compared with a week ago, the company said, adding that the number of users adding the digital yuan payment option to the Meituan mobile wallet expanded almost twenty-fold. To link the two services, users need to first submit an identity authentication via the e-CNY app, the digital yuan wallet application developed by the central bank. The pilot version of the app was rolled out on January 4. Tencent-owned WeChat, China's largest messaging app and one of the leading payment services, also began supporting the digital yuan last week via the WeChat Pay mobile wallet. Once activated, the function allows users to receive remittances and pay for goods and services with digital currency in WeChat. The e-commerce portal JD has made the use of the e-CNY available across its apps, as well in its 7Fresh food supermarkets.

"The official launch of the e-CNY app indicated a deep-dive experiment of the digital yuan," said Wang Pengbo, an independent digital finance researcher. "User numbers are expected to enjoy a meteoric rise after these pilot trials." In May, MyBank, the online bank of Alibaba's Ant Financial, became the first online lender to join a group of major financial institutions that have set up e-wallets using China's digital yuan app. PBOC Governor Yi Gang said in November that China would continue to advance the development of its central bank digital currency and improve its design and usage, including increasing its interoperability with existing payment tools.

The digital renminbi app was made available in the Apple and Android app stores. Downloading of the digital renminbi app is now possible in 10 Chinese cities including Shenzhen, Chengdu and Shanghai, as well as the venues of the Beijing 2022 Winter Olympics. There are nine designated operating institutions for the app at present, including Bank of China (BOC), Alibaba-supported MyBank and Tencent-backed WeBank. Users can make password-free payments via the digital renminbi app at the e-commerce platform JD, third-party service provider Meituan and online travel agency Trip.com. While trials of the digital renminbi started in April 2020, users had to be approved in advance to get a code and the installation packages for downloading the application, and the process was relatively lengthy and complicated. According to Mu Changchun, head of the PBOC's Digital Currency Research Institute, more than 140 million personal digital wallets for digital renminbi had been created and another 10 million corporate digital wallets had been opened as of October 22, 2021. More than 150 million transactions have been made via digital wallets, with the total transaction value approaching CNY62 billion, the China Daily reports.

Prior to the rollout of the e-CNY app, the central bank had only carried out trials in selected cities, with banks handing out amounts of the currency on occasions such as local shopping festivals. People also got to experience the digital yuan on an invitation-only basis. Today, mega apps like WeChat – which has over 1 billion users – can provide a huge boost to the digital yuan if people begin to pay with it, analysts said. According to Bao Linghao, an analyst at research firm Trivium China, the Chinese are so accustomed to WeChat Pay and Alipay that "it only makes sense for the central bank to team up with mobile apps which are used daily". "With the e-CNY app available in major mobile app markets, we are likely to see the pilot scope continue to expand to cover more users and more scenarios," said Su Xiaorui, Senior Analyst with consultancy Analysys. The upcoming Olympic Winter Games in Beijing will likely boost the use of digital renminbi, the China Daily reports.

STOCK MARKETS

China Mobile returns to Shanghai Stock Exchange

China Mobile completed its listing on the Shanghai Stock Exchange in the largest initial public offering (IPO) on the A-share market in the past 10 years. China's big three telecom carriers, including China Telecom and China Unicom, have now all moved back to the Shanghai Stock Exchange from U.S. markets. The stock opened at CNY63, 9.4% higher than the offer price of CNY57.58, before consolidating gains and closing 0.5% higher at CNY57.88. According to its prospectus, China Mobile could raise nearly CNY56 billion from the listing after the company exercises an over-allotment option. Yang Jie, Chairman of China Mobile, said the company now has grown into a world-class telecommunications operator with the largest telecom network and the largest number of customers. China Mobile's operating income has continued to grow, and its annual net profit has exceeded CNY100 billion for many years.

Getting listed in Shanghai marks a new milestone for China Mobile and the move means that the company has successfully built a platform to attract both domestic and foreign capital. In Hong Kong, where China Mobile's shares also trade, the company said it plans to exercise its buy-back mandate to repurchase up to 2.05 billion shares after February 7. The A-share listings of China Mobile and China Telecom came after they were delisted from the U.S. last year due to local investment restrictions. Experts said A-share listings will help the telecom carriers broaden their fundraising channels, which should help them to transform their businesses well in time to exploit the commercialization of 5G services, a process that has been accelerating in China of late.

Xiang Ligang, Director General of the Information Consumption Alliance, said domestic investors are familiar with the three companies' businesses, which could help generate more funding for the telecom operators' 5G plans. China Mobile said that the money raised from the new listing will be used to accelerate construction of 5G networks, cloud computing infrastructure and the research and development of new generation information technology. Independent Analyst Fu Liang said the A-share listing of China Mobile will increase pressure on China Telecom and China Unicom, the China Daily reports.

Initial public offerings on Chinese mainland bourses are likely to set a record this year, according to the latest forecast by PwC. The Hong Kong stock exchange is expected to draw more technology enterprises and those previously listed in the United States. PwC also projected that the A-share market will likely see between 580 and 690 IPOs this year, which could raise CNY560 billion to CNY635 billion. The science and technology sector will continue to lead, with Shenzhen's ChiNext and Shanghai's STAR Market set to attract the most newly listed companies: 220 to 250, and 180 to 200, respectively. A comprehensive registration-based IPO system is expected to be rolled out this year, while more investment channels will be opened for international investors. Last year's IPOs in China set records in both volume and value. The number of IPOs rose 25% year-on-year to 493, while total funds raised increased by 17% to nearly CNY548 billion.

The Shanghai Stock Exchange was one of the world's top three IPO markets in 2021, with total fundraising of CNY375 billion in 249 listings, trailing only behind Nasdaq in the U.S. In 2021, 73% of A-share IPOs were made through the registration system, accounting for nearly two-thirds of funds raised. The Beijing Stock Exchange, which debuted on November 15, saw 11 new listings with fundraising of CNY2 billion.

CHINA NEWS ROUND-UP

Suzhou and Wuxi report outstanding industrial output figures

The cities of Suzhou and Wuxi in Jiangsu province have reported outstanding industrial output figures for last year. Wuxi's government said that the city's total industrial output made by companies with an annual turnover of at least CNY20 million each was CNY2.1 trillion in 2021, a record high and up 19% year-on-year. Another record has been set in neighboring Suzhou, where industrial output topped CNY4 trillion in 2021, up 15% year-on-year, beating the CNY3.7 trillion record set by Shenzhen in 2020, twice the figure of Guangzhou and six times that of Xian. The combined turnover of Wuxi's 16 thriving key industries – including internet of things (IoT), integrated circuits and high-end equipment – increased 21% year-on-year to reach CNY1.76 trillion. Information technology, equipment manufacturing, biomedicine and advanced materials accounted for CNY3.8 trillion of Suzhou's total industrial output of CNY4 trillion last year.

Wuxi's huge progress showed that industries are the foundation of high-quality economic growth, which is also in line with the central government's emphasis on the development of the real economy, said Wu Yan, Director of the city's Bureau of Industry and Information Technology. Shen Kaiyan, Dean of the Institute of Economics at the Shanghai Academy of Social Sciences, said the surge in Wuxi's industrial output was especially encouraging at a time of industrial decline in some Chinese cities due to economic restructuring. Last year's growth helped Wuxi become one of the leaders in the Yangtze River Delta region – along with Shanghai and Suzhou – in terms of industrial development, she said. Zhang Lixin, Chairman of Wuxi-based IC design company Chipown Micro-electronics, said that industry leaders should shoulder more responsibility by creating coordinated development and attracting the right talent to Wuxi so that a more market-based environment can be built there.

Meanwhile, **Suzhou's annual industrial growth rate reached 20.5% in the first half of 2021**, compared with 15.2% in Shanghai and 4.8% in Shenzhen during that period. As of the end of 2021, Suzhou was home to 111,555 innovative high-tech companies recognized by the Ministry of Science and Technology. In a report released on December 24 by market research firm CCID Consulting, the city ranked first among all prefecture-level cities in China in terms of development of the digital economy. Cao Lubao, Party Secretary of Suzhou, said that innovation should serve as the engine of the city's economic growth. More projects and companies should be attracted to the city to build more industrial clusters, he said, as reported by the China Daily.

Evergrande moves headquarters back from Shenzhen to Guangzhou

Debt-wracked property firm China Evergrande Group has moved its headquarters from Shenzhen back to Guangzhou, at a time when the company is struggling to repay billions in liabilities. The company has terminated a lease contract with the building in Shenzhen where its headquarters was located, and its logo has also been removed from the building. The move marks Evergrande's return to Guangzhou five years after it moved to Shenzhen. Evergrande purchased a plot of land in Shenzhen of about 10,376 square meters in 2017 for a period of 30 years. In June 2017, it changed its registered location to a building in Shenzhen's Nanshan district with registered capital of CNY3.38 billion.

The Shenzhen headquarters building was also the site of chaotic protests last September, when investors crowded into its lobby demanding repayment of loans and financial products from the company. The Chinese real estate firm has fallen into severe financial difficulties. It is struggling to repay more than USD300 billion in liabilities, and it missed payments on nearly USD20 billion of offshore bonds last month. Evergrande said it has moved out of Shenzhen's Excellence Center, which is owned by another company, to a building that Evergrande owns in the city. The company's registration address has not changed, the Global Times reports.

Commercial real estate investments still rising

The volume of commercial real estate investments in the Chinese mainland reached USD7.3 billion in the third quarter of 2021, and the full-year amount **is expected to surpass that of 2020**, a report released by global real estate advisor JLL said. The combined volume of commercial real estate investments in the first three quarters in the Chinese mainland amounted to CNY170 billion, and JLL predicted the full-year figure will exceed that of 2020, when it nearly hit CNY200 billion. Accounting for 49% of the total volume in the third quarter, Shanghai remained the top destination for commercial real estate investments across China. The weight of Beijing and Guangzhou declined to some extent from the previous quarter while Shenzhen recorded a significant increase to 7.3% of the total.

"The vibrant city of Shanghai is full of opportunities and takes the lead among Chinese cities in many aspects," said Kamsen Lau, CEO of Lifestyle International Holdings. After nearly 10 years of development, Lifestyle International officially launched the Shanghai Jiuguang Center, its first commercial complex in the Chinese mainland, Lau said. There are more than 400 brands in the center, about 30% of which debuted in Shanghai. JLL statistics show that office investments took the lion's share, or 57.6%, of the volume of commercial real estate investments in the third quarter, up 14.2% quarter-on-quarter. **Eight office spaces in China**, including Beijing Financial Street, Beijing's Central Business District (CBD) and Shanghai's Pudong New Area, **were listed among the world's top 20 most expensive office spaces in 2021**, according to JLL's latest Global Premium Office Rent Tracker.

The investment volume of logistics properties, especially those located in the Yangtze River Delta region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region and the Chengdu-Chongqing city cluster, remained bullish in the third quarter. The volume of commercial real estate investments in the Asia-Pacific region reached USD125 billion in the first three quarters, up 30% from the same period in 2020, the China Daily reports.

Beijing's GDP exceeds CNY4 trillion, up 8.5%

Beijing's annual gross domestic product (GDP) exceeded CNY4 trillion for the first time in 2021, a year-on-year increase of 8.5%, Mayor Chen Jining said at the fifth session of the 15th Beijing Municipal People's Congress. "Against the background of the unstable pandemic situation around the world, as well as the complicated external environment, Beijing has achieved obvious results in many aspects with hard work," Chen said. Presenting the government work report at the opening session of the Congress, he said the city had achieved a good start in the 14th Five Year Plan (2021-25) period by making progress in many fields, including economic growth, integrated development, science and technological innovation, environmental improvement and education reform.

According to the report, consumer prices in Beijing rose by 1.1% last year, and the per capita disposable income of residents increased by 8%. **The number of newly established foreign-funded enterprises in Beijing increased by more than 50% compared to the previous year.** Total utilized foreign capital exceeded USD15 billion in the city. Beijing has set an economic growth target of 5% this year. The new generation of information technology and the health sector have become the 'double engines' for the city's cutting-edge industrial development. From January to November 2021, the two major vaccine manufacturers in Beijing contributed a total output value of more than CNY230 billion. The electronics industry grew by 19.9%. Beijing's economic performance in the first three quarters last year is better than the national average, which has set a high baseline for 2022, the China Daily reports.

Development plan for fintech industry launched

The People's Bank of China (PBOC) has released a development plan for the fintech industry between 2022 and 2025. "Data-driven, smart, people-oriented, low-carbon, fair and inclusive" should be the words that best describe China's fintech industry in the following years, according to the plan. By advancing the digital transformation of the entire financial sector, the fintech industry should strive to better facilitate China's high-quality development, it added. The fintech industry should strengthen its data management capabilities to enhance the quality and efficiency of financial services. An advanced computing system with higher performance should be established to consolidate the groundwork for financial innovation.

Digital technologies should be more widely applied in the financial sector while a smart risk control system should be set up to nurture a safe and efficient fintech innovation system, according to the plan. Andrew Huang, Partner and Fintech Leader of KPMG in China, said that the fintech industry has thrived in China over the past few years with the appearance of new business models and application scenarios. Lowering costs and improving efficiency in the traditional financial sector based on technological breakthroughs will form a major part of the development path for fintech companies. Data security is another major issue that the fintech industry should address, he said.

The banking sector is also increasingly serving the real economy – the part of a country's economy that produces actual goods and services. In the first 11 months of 2021, new bank loans reached CNY19.2 trillion, mainly in manufacturing and infrastructure construction. As of the end of November, the outstanding balance of loans to small businesses that have a total credit line of up to CNY10 million per borrower was CNY18.7 trillion, up 24.1% year-on-year. The Export-Import Bank of China has strengthened lending to foreign trade companies. As of the end of November, its outstanding balance of loans to the foreign trade sector reached CNY2.39 trillion. China ExIm Bank also increased funding for 158 leading companies in five key industries related to foreign trade and took multiple measures to support micro, small and medium-sized foreign trade companies. As of the end of December, the outstanding balance of its special-purpose loans to the foreign trade sector reached CNY33.3 billion, up CNY16.3 billion from the beginning of last year, supporting more than 10,000 small businesses.

82 key projects launched in Shanghai's Pudong area

Construction work on 82 key projects with a total investment of over CNY317.6 billion, and covering areas like high-end industries, scientific innovation, infrastructure and livelihood improvement, started in Shanghai's Pudong New Area last week. The stress on technology will promote the high-quality development of Pudong, said Shanghai Mayor Gong Zheng. In August, Pudong's local government announced that six industries – big data, new energy vehicles (NEVs), chip-making, smart manufacturing, biomedicine and civil aviation – will lead the development of advanced manufacturing industrial clusters during the 14th Five Year Plan period (2021-25). Since then, 23 projects have been launched with over CNY123.3 billion in investment. These projects will help Pudong strengthen its leading role in terms of high-end industries. A world-class industrial cluster will thus be built rapidly, said Wu Jincheng, Director of the Shanghai Municipal Commission of Economy and Informatization. Efforts should be made in Pudong to tap into new investment themes like low carbon and the metaverse. An intelligent terminal industrial park should be launched in Pudong so that the digital economy and the real economy can be more deeply integrated, he said.

Some 10 transportation projects also started construction work, involving CNY153 billion in investment. The fourth phase expansion of Shanghai Pudong International Airport figures among the 10 transport-related projects. Upon completion, the airport will be able to receive 130 million passengers annually by 2030. Zhu Zhisong, Party Secretary of the Pudong New Area, said during the launch ceremony that the commencement of the 82 projects on the first workday of 2022 demonstrates the municipal government's confidence and determination to boost the city's development via investment. For years, Pudong has adhered to the rule of advancing high-quality development via high-intensity investment. The area's fixed asset investment has grown by 10% annually over the past two years, said Zhu. More investment will be directed to industrial upgrades, fine-tuning urban infrastructure, livelihood improvement, and ecological and environmental optimization this year. Total fixed asset investment in Pudong will surpass CNY300 billion this year, maintaining a double-digit annual growth rate, the China Daily reports.

ANNOUNCEMENTS

The survival or success of SMEs – New approach to China in the context of RCEP

(Article provided by TrueMind and CFAS BVBA)

When the European mainstream media were focusing on the Covid situation and New Year resolutions of all kinds, they may have missed a major event in Asia that would be of crucial importance for the survival and development of European, especially Flemish SMEs: the kick off of the Regional Comprehensive Economic Partnership, in short the RCEP, on January 1, 2022.

The RCEP is basically the most important free trade agreement among the 10 ASEAN countries plus China, Japan, South Korea, Australia and New Zealand. ASEAN has replaced the EU to become the largest trading partner of China in 2020 with a record high amount of USD70.3 billion in the first 10 months of 2021, despite the impact of Covid. This new regional free trade agreement will give a boost to the fast integrating regional economy of RCEP with 30.5% of the world's GDP.

The perspective of zero tariffs between China and Japan alone, involving 86% of exports from Japan to China and 88% in the other direction, shows the potential for opportunities that our SMEs cannot afford to miss. In this new framework of RCEP, a number of industries, such as automobile, machinery, petrochemical etc. will achieve far reaching integration with China as the main market as well as production base, expanding the influence of the 15 countries in the rest of the world.

For European, more specifically Flemish SMEs, the RCEP would create strong competitors for the European market in traditional manufacturing sectors because of the integrated and therefore efficient supply chain in Asia with China as the leading manufacturing base. To be part of the RCEP framework would offer a unique opportunity to open markets such as China, Japan and South Korea, while strengthening the competitiveness on the European market.

TrueMind and CFAS BVBA have formed a platform of independent consultants with working experience of Flemish SMEs and extensive knowledge of technology driven manufacturing sectors in China. They would like to offer their support to our Flemish SMEs to identify and take advantage of opportunities within the RCEP framework, as they have been intensifying preparation since the signing of the treaty in November 2020.

TrueMind and CFAS could provide tailor-made services in the following fields:

- Field research and identification of target markets and partners in technological and above mentioned manufacturing sectors for formulating new strategies in the RCEP framework;
- Operational consultancy of business development as extension of strategic consultancy of the Big-4 and BDO;
- Organizing specific One-2-One business contacts or business matching events.

Due to our extraordinary efforts, we have been maintaining travel to China despite the Covid situation and actively collaborating with our local partners in China.

We wish all our entrepreneurs a healthy, free and prosperous 2022!

Contact: Gao Jun, email: jungao9898@gmail.com

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Membership rates for 2022 (excl. VAT)
- SMEs: €435 (excl. 21% VAT)
- Large enterprises: €1,080 (excl. 21% VAT)

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