China Business Weekly

28 July 2020

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

FCCC/EUCBA ACTIVITIES

Webinar: IP Protection at Online Trade Fairs – 29 July, 10:30 am

The EU-China Business Association, the Flanders-China Chamber of Commerce and the China IPR SME Helpdesk are organizing a webinar focused on **"IP Protection at Online Trade Fairs"**. This webinar will take place on 29 July at 10.30 am CEST.

The session will be held by **IP Business Advisor Matias Zubimendi**, who will give a presentation on a successful IP strategy when attending online trade fairs. The webinar will end with a Q&A session where attendees can raise their questions and interact with the speakers.

Agenda:

10:30 – Introduction to the webinar and the services of the China IPR SME Helpdesk – Jennifer Cao (China IPR SME Helpdesk)

10:35 – Presentation of the Flanders-China Chamber of Commerce/EU-China Business Association – Gwenn Sonck (FCCC / EUCBA)

10:40 – IP Protection at Online Trade Fairs – Matias Zubimendi (China IPR SME Helpdesk)

11:15 – Q&A session

11:30 – Closing remarks

Speakers:

Jennifer Cao, Project Officer, China IPR SME Helpdesk

Gwenn Sonck, Executive Director, EU-China Business Association/Flanders-China Chamber of Commerce

Matias Zubimendi, IP Business Advisor, China IPR SME Helpdesk

Practical Information:

Date and time: July 29, 2020, 10:30 AM - 11:30 AM CEST

Location: Online (GoToWebinar)

Price for members: Free

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ACTIVITIES SUPPORTED BY FCCC

SAVE THE DATE: I²PCC, your cleantech bridge to promising regions in China

30 September 2020 – 16:00-19:00 h.

The Flemish provinces, together with Cleantech Flanders and FIT, and supported by the Flanders-China Chamber of Commerce, are working on the close collaboration with the Chinese regions of Chengdu, Chongqing, Guangdong, Hebei and Shaanxi.

Within the I²PCC project, we are further opening this network to our Flemish cleantech companies: we provide unique contacts in very promising Chinese regions and niche markets.

Discover on 30 September what I²PCC may mean for your company in the future. Learn from our inspiring experiences

and those of fellow companies and discover the new offers of support for your internationalization toward China.

When: 30 September 2020, 16:00-19:00 h.

Where: House of the Province of Antwerp, Koningin Elisabethlei 22, 2018 Antwerp

(All recommendations and measures concerning Covid-19 will be respected. When appropriate, a virtual presence will be made available.)

An invitation and program will follow, already save the date in your agenda!

Call: If you are interested in making your company visible to our Chinese contacts and through international fairs in China, but do not yet have a company file in the I²PCC-catalogue of Flemish cleantech companies? Contact sara.landuydt@pomantwerpen.be by July 10 to make a company profile and we will include your activities in our publicity.

More information on the project on our website.

I²PCC is a common project of the provinces of Antwerp, Limburg, East-Flanders and Flemish-Brabant, supported by Cleantech Flanders and Flanders Investment & Trade. The project is receiving financial support from the European Fund for Regional Development (EFRD).

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HEALTH

China continues to battle Covid-19 outbreaks in Urumqi, Dalian and Hong Kong

As the coronavirus outbreak in Beijing has now ended, China is battling new clusters of infections that emerged in Urumqi, capital of Xinjiang, the port city of Dalian in Liaoning province, and in Hong Kong.

In Dalian, employees working at the Dalian Kaiyang Seafood Co were found to be infected, with the source of the infection unknown. Local seafood markets remain closed and some subway services were suspended. 12 new confirmed cases were reported on July 26. The outbreak ended Dalian's record of zero Covid-19 cases for 111 days. All the new cases were working in the same area at a local seafood processing company, according to an official report. To curb the spread of infections, the city plans to test its six million residents within four days. The seafood company has suspended its operations and all employees are under medical observation. Dalian authorities said they had acquired detailed information related to the imported products and trading channels of the company, and they will begin to track the source of the infection as soon as possible. The Covid-19 cases could deal a blow to the seafood industry in Dalian, a coastal city that relies heavily on the seafood business, even though authorities did not reveal whether the first patient contracted the virus through seafood or cold-chain products. The Chinese government also issued a guideline, demanding that all imported meat products must be provided with a nucleic acid test certificate before coming into industrial plants for processing, the Global Times reports. Meanwhile, the infection originating in Dalian has spread to six other cities in three provinces.

In Urumqi, nucleic acid testing for more than 1.6 million people was completed, including all the residents in Tianshan district where most confirmed cases were reported as well as in Shaybak district. Urumqi reported more than 100 cases, and about the same number of asymptomatic cases since the outbreak started on July 15.

“First Wuhan's Huanan seafood market; then the Xinfadi wholesale market in Beijing and now the patient working at a seafood company, it reminds us of the risks associated with cold chain products and how easily they can spread Covid-19,” Wang Guangfa, Respiratory Expert at Peking University First Hospital in Beijing said.

Hong Kong is going through its third wave of the pandemic. The city was setting records last week and 128

new cases were reported on July 26 – the fifth consecutive day of a three-digit spike in cases – taking the total number of infections to 2,633, with 18 related deaths. The AsiaWorld-Expo center is being converted into a 'mobile cabin hospital'. The Center for Health Protection's Dr Chuang Shuk-kwan said the next one to two weeks will be key in determining if social-distancing measures are working. Hong Kong Chief Executive Carrie Lam said she would institute a lockdown only if 'absolutely essential'. Dr Chuang added: "We are very worried about whether this situation can be controlled actually."

Experts said sporadic cases might be common in the future, underscoring the significance of implementing regular disease control measures and taking precautions. According to newly-released documents, public facilities that see dense and highly mobile crowds – such as office buildings, hotels, malls, banks, restaurants and food markets, as well as institutions that are deemed at higher risk of spreading the virus, including primary and high schools, elderly care homes, prisons and mental health clinics – should all step up their preparedness for the virulent disease. Preparations will include stocking virus control equipment, formulating emergency plans, enforcing strict temperature-taking and implementing social-distancing protocols. In low-risk areas, these public facilities can operate normally. However, in medium- or high-risk areas, business hours will be shortened and the number of people gathering reduced. Cinemas, theaters and karaoke bars in medium-or high-risk areas should be closed. In-person visits to elderly care homes, child welfare homes and prisons will be prohibited and replaced with virtual visits, the China Daily reports.

From July 27 onwards, people who arrive in Shanghai from overseas can spend half of their quarantine period at home if certain conditions are met, local authorities announced. On condition that they have residency in the city, live apart from family members who don't have to be quarantined or live with people who agree to be quarantined along with them, they will be sent home to resume their quarantine on the eighth day if their nucleic tests on the fifth day are negative and if they apply to be quarantined at home. Qualified persons will be transported directly from collective quarantine facilities to their homes by the authorities of the districts in which their homes are located. Meanwhile, the government said it will continue to allow conditional home quarantine for senior citizens, underage people, pregnant and breast-feeding women, people with mobility restrictions, those who have to take care of other family members, and people with certain diseases. For those whose destinations are Jiangsu, Zhejiang and Anhui provinces, after seven days of collective quarantine in Shanghai, they will be transported to their destinations to continue their quarantine under the condition that their nucleic tests on the fifth day are negative. Those whose destinations are other parts of China will still be placed under 14-day concentrated quarantine, the Shanghai Daily reports.

KLM Royal Dutch airlines resumed passenger flights from Amsterdam Schiphol to Shanghai following the relaxation of travel restrictions by the Chinese government. KLM now operates one flight per week to Shanghai, and makes a stop in Seoul on both outbound and inbound flights. Apart from KLM, other foreign carriers such as Air New Zealand, Delta, United Airlines, Air France, Lufthansa, Swissair, Aeroflot and Turkish Airlines have also resumed flights to Shanghai. Finnair also resumed flights between Helsinki and Shanghai. Passengers on China-bound flights must provide negative Covid-19 test results (for Chinese passengers) or health certificates issued by the Chinese Embassy (for foreigners) before boarding.

FOREIGN INVESTMENT

China still attractive for FDI, up 7.1% in June

China saw its foreign trade and ability to attract foreign direct investment (FDI) rebound during the second quarter of this year. China is the world's largest consumer market, with 400 million middle-income people and a large number of rural residents with strong purchasing power, who are increasingly pursuing better life and services, said Wei Jianguo, Vice Chairman of the China Center for International Economic Exchanges. He said this explains why multinationals have not withdrawn from the country. Instead, many of them, including BASF, BMW, Nestle and Coca-Cola, have increased investment in China as they believe that investing closest to the major consumer base is the cheapest and most efficient way to compete with other established rivals in this market. Thanks to global investors' rising confidence, **China saw FDI rise 8.4% on a yearly basis in the second quarter of the year. In June, FDI inflows expanded 7.1% year-on-year** to CNY117 billion, the Ministry of Commerce (MOFCOM) said.

Nouryon, the Netherlands-based chemical manufacturer, said earlier this month that it **will build a new plant in Ningbo**, Zhejiang province, to produce tert-Butyl hydroperoxide and tert-Butyl alcohol, essential ingredients in the production of polymers and composites,

and two key intermediates in its organic peroxides business. The manufacturing facility is scheduled to be completed in the second half of 2021 and will have an annual capacity for 35,000 metric tons of TBHP and TBA. “This is an important step in integrating our regional supply chain for TBHP, which is currently imported,” said Johan Landfors, President of Technology Solutions at Nouryon. “Demand for TBHP and TBA continues to rise in Asia, and our new facility will ensure that we can meet that demand for years to come.” He said the new facility represents a significant investment for the firm to build its presence in fast-growing markets. It also underlines its focus on working with local partners.

“**Some countries are considering** industrial self-supply and **removing industrial chains from China** on the heels of the outbreak, but I think the cost is too high and it cannot be done in reality,” Ludovic Subran, Chief Economist at Germany-based insurer Allianz, told the Global Times, taking note of China's overwhelming advantage in manufacturing electronic products, auto parts, and mechanical equipment. Subran said that the onslaught of the pandemic has put the global economy on halt and dealt a blow to the insurance industry. “But China's insurance sector has been bouncing back since the second quarter. More consumers are willing to learn and purchase insurance policies after the pandemic ebbs,” Subran noted. Riding on the boom, he estimated that by 2030 the revenue of China's insurance market will likely hit €777 billion, which equates to the combined revenue from the UK, France, Germany and Italy.

Swedish furniture-maker IKEA also scaled up investment in China recently. It opened its first IKEA City store in downtown Shanghai last week, the first such store in the Chinese mainland, after the launch of the online IKEA Tmall flagship store in March. IKEA said it is “very optimistic and confident” over its business in China in the second half as Chinese consumers lean toward convenient and fast shopping experiences. “In the future, we plan to have more reach in the third and fourth-tier cities here in China, and will continue to expand our online and offline marketing channels,” IKEA said.

Leon Wang, Executive Vice President, International and China President at AstraZeneca, said that the company is confident of China's improving investment environment and the rosy prospects. “AstraZeneca always looks to China's powerful economic potential despite the challenge of the pandemic, and we will always support China's development with action,” Wang said, as reported by the Global Times.

DIPLOMACY

Closure of Consulates latest indication of deteriorating China-U.S. relations

The U.S. government ordered the closure of the Chinese Consulate in Houston, effective July 24, **and China ordered the closure of the U.S. Consulate in Chengdu in retaliation.** This is the latest indication of fast deteriorating China-U.S. relations.

China's Foreign Ministry strongly condemned the U.S. for abruptly asking China to close its Consulate General in Houston within 72 hours, which the Global Times called “a reckless and dangerous move”. “This is a unilateral political provocation by the U.S. side against China, a grave violation of the international law and basic norms governing international relations, a grave violation of relevant provisions of the China-U.S. Consular Treaty, and a deliberate attempt to undermine China-U.S. relations”, Wang Wenbin, Spokesperson of the Chinese Foreign Ministry, said. He added that the latest move to ask China to close its Consulate General in Houston is “an unprecedented escalation of its moves against China”. The Consulate General in Houston is the first Chinese Consulate General established in the U.S. in August 1979, after diplomatic relations were established between the two countries on January 1, 1979. Observers also called the move “unprecedented”, saying it would trigger a broader earthquake in diplomatic ties between the two countries. The last time the Trump administration ordered a foreign consulate in the U.S. to close was in August 2017, when it ordered Russia to close its Consulate in San Francisco and two diplomatic annexes in New York and Washington.

Xin Qiang, Deputy Director of the Center for American Studies at Fudan University in Shanghai, told the Global Times that the U.S. move, which is unprecedented in the history of China-U.S. relations, indicated a serious escalation in the bilateral confrontation and will definitely result in countermeasures from China. China also accused to U.S. of imposing unwarranted restrictions on Chinese diplomats in the U.S., opening Chinese diplomatic packages and seizing Chinese official supplies, all violations of the Vienna conventions on diplomatic and consular relations, the Global Times reports.

The U.S. said the move was made to “protect Americans’ intellectual property and private information”. David

State Department, said that the Houston Consulate was the "epicenter" of efforts by the Chinese military to send students to the U.S. to obtain information that could advance its warfare capabilities.

The closure of the Chinese consulate seriously harms bilateral ties. It **could also put business ties between China and the eight U.S. states that the Consulate serves in jeopardy**, as the work of the Consulate to promote economic and trade cooperation would be stopped, according to former Chinese diplomats, experts and business leaders in the U.S. Houston attracts a large number of Chinese people studying, working and living there for its developed petroleum and aviation industries. The closure of Chinese Consulate General sent shockwaves throughout the local Chinese community. There are more than 400,000 Chinese citizens and overseas Chinese in Houston, according to the Chinese Consulate General in Houston. The closure could endanger USD60 billion worth of trade between the eight U.S. states the Consulate covers and China, as well as hundreds of Chinese businesses operating in southern U.S. states. In 2019, the eight states had trade worth at least USD61.7 billion with China. Texas is the biggest exporter to China among all 50 U.S. states, with exports totaling USD11.05 billion in 2019, according to the Consulate. As of March, there were also 208 Chinese companies with investments in Texas, the Global Times reports.

China's Foreign Ministry ordered the closure of the U.S. Consulate in Chengdu in retaliation. An online poll by the Global Times indicated that respondent would have preferred China to close the U.S. Consulate General in Hong Kong, would this would have been seen as an escalation, which the Chinese government wanted to avoid. Closing the U.S. Consulate in Wuhan would have been seen as to "soft" a measure, as no U.S. diplomats pandemic in the city.

The U.S. is seeking to further escalate its crackdown on Chinese technology companies, as a new report by Bob Menendez, a ranking member of the U.S. Senate Foreign Relations Committee, called China's technology development "digital authoritarianism". The report said the Trump administration had failed to respond to China's rise in cyberspace and called on the U.S. government to rally its allies to counter China. "The U.S.' intention is to contain China's rise and maintain its hegemony in the tech sector," Li Yi, Chief Research Fellow at the Internet Research Center under the Shanghai Academy of Social Sciences, told the Global Times. The U.S. House of Representatives also voted to prohibit federal employees from downloading the TikTok app on government-issued devices. The move could pave the way for broader crackdowns by the U.S. government on not just TikTok but also other Chinese apps such as WeChat. The U.S. also indicted two Chinese nationals for allegedly stealing U.S. coronavirus data. "The U.S. has been carrying out the world's widest espionage activities, but it made groundless accusations against other countries for cyber attacks, which was like a thief crying "stop the thief," Foreign Ministry Spokesperson Wang Wenbin said.

The U.S. also added 11 Chinese companies to its Entity List for alleged human rights abuses in Xinjiang, raising the number of Chinese companies being restricted from purchasing goods and services from the U.S. to 48. The U.S. move aims to strip these Chinese companies from industrial chains. Included on the list are KTK Group, which produces more than 2,000 products, from electrical appliances to products used in high-speed trains; and Tanyuan Technology, whose main products are graphite film with high thermal conductivity. The biggest impact of being included on the Entity List will be on textile companies.

CHINA NEWS ROUND-UP

France also to phase out Huawei's 5G equipment

French authorities have told telecoms operators planning to buy Huawei 5G equipment that they will not be able to renew licenses for the equipment once they expire, effectively phasing the Chinese firm out of mobile networks. Like other countries in Europe, France is laying the groundwork for its next-generation 5G mobile market in the middle of growing antagony between China and the U.S. The U.S. government says Huawei's equipment could be used by the Chinese government for espionage – a charge denied by Huawei and Beijing – and has pressed its allies to ban it. France's cybersecurity agency ANSSI said this month it would allow operators to use equipment, including Huawei's, under licenses of three to eight years. But it added it was urging telcos not currently using the Chinese company's equipment to avoid switching to it. The bulk of authorizations for the use of Huawei equipment were for three or five years, while most of those for equipment from European rivals Ericsson or Nokia received eight-year licenses. ANSSI's decisions have not been made public, either by the agency or by the companies.

Sources added that operators had also been told by French authorities during informal conversations in recent months that licenses granted for Huawei equipment would not be renewed thereafter. ANSSI declined to comment. A Spokesman for the Prime Minister's office, which oversees the permissions on 5G equipment, said ANSSI was

working with operators within the legal framework, adding that any authorization granted at present did not impinge on whether these would later be renewed or interrupted. Huawei declined to comment. Such restrictions, though, would amount to a de facto phase-out of Huawei within France's 5G networks by 2028, given the short time frame of the licenses, according to sources, who declined to be named because of the sensitivity of the matter.

French operators might still manage to get an eight-year authorization for Huawei equipment in some cases, and could yet decide to use the equipment during that time period, the sources said. But even this meant eventually dismantling it, they added. One of the sources said it would be difficult for a telecoms operator to take the risk of investing in Huawei equipment, given new mobile technology like 5G takes at least eight years to yield a return on investment. "Granting three years amounts to a flat refusal," the person added.

An effective ban would be particularly troublesome for Bouygues Telecom and Altice Europe's SFR, the two French telecoms operators that already use Huawei's equipment in their current mobile network. The two operators declined to comment on whether they would now drop any purchase plans for Huawei equipment. France's two other major operators, leader Orange and Iliad, mainly rely on Nokia, Ericsson or both for their mobile networks. In Britain, where major telecoms groups are heavily reliant on Huawei technology, the government has ordered the Chinese company's equipment to be purged from the 5G network by 2027. "France's position is similar to that of Britain, but the government's communication is different," one of the sources said, as reported by the South China Morning Post.

According to the Global Times, new evidence Huawei has provided to a Canadian court shows how HSBC conspired with the U.S. Department of Justice to set a "political trap" for Huawei and its CFO Meng Wanzhou and gave false testimony to the court. The bank denied any wrongdoing, but it might still be the target of Chinese sanctions. If Huawei's evidence against the lender is proven to be true, the charges against Meng Wanzhou will no longer have any foundation, and HSBC should be prepared for a "harsh punishment" in China, such as being sued in Chinese courts, one Beijing-based observer told the Global Times.

Number of China-Europe freight trains up 36% in first half

The number of China-Europe freight trains dispatched in the first half of the year surged to 5,122, up 36% year-on-year, breaking the monthly record several times over, according to the China State Railway Group Co. Five freight assembly centers – Zhengzhou, Chongqing, Chengdu, Xian and Urumqi as classified by the National Development and Reform Commission (NDRC) – registered 4,003 trains in the first half, accounting for 78.15% of the total number of trains dispatched in more than 50 cities in China. Among the five centers, Xian was the black horse. In 2017, China-Europe freight trains dispatched from the city stood at 193. The number jumped to 1,235 in 2018 and 2,100 in 2019. In the first half of 2020, the number was recorded at 1,667. If the trend keeps going, Xian is likely to be the first city dispatching over 3,000 China-Europe freight trains in China.

Although neither Chengdu nor Chongqing saw the number of trains exceed 1,000 in the first half, the two cities started to move their focus from quantity to quality improvement. As of late June, 439 China-Europe freight trains had been dispatched in Zhengzhou. According to a plan released in April, the city aims to send out 1,100 trains this year, with local freight accounting for at least 18% of the total. To accomplish this goal, the city has to further expand the market in the second half to attract more cargo to be transported here from both within the province of Henan, where the city is located, and outside the province. Urumqi, ranking fifth among the five freight assembly centers in the first half, dispatched 47 China-Europe freight trains. The city needs to solve freight source problems so as to better function as a Belt and Road trade hub.

China-Europe freight trains are an important driver to recover foreign trade. The year 2020 is a key window period to expand the number of clients for China-Europe freight trains, but the market share of the trains in China's logistics system accounts for merely around 1%. Potential still needs to be explored in market expansion and international cooperation, the China Daily reports.

Profits of China's major industrial firms drop in first half

Industrial profits at China's biggest firms fell by 12.8% year-on-year in the first six months of 2020, but monthly growth returned in May and June from a year earlier, amid signs that the economy is getting back up to speed. They remained in the red over the first half of the year, due to the impact of the coronavirus. Last month, profits of industrial firms saw a year-on-year increase of 11.5%, from an increase of 6.0% in May, according to the National Bureau of Statistics (NBS).

In the first six months of the year, however, profits fell by 12.8%, with May and June representing the only months of growth in 2020. China's economy grew by 3.2% in the second quarter, a dramatic turnaround on the minus 6.8% reported in the first quarter. Total profits for the first six months reached CNY2.51 trillion. In June alone, profits stood at CNY666.55 billion.

Mining companies saw their profits fall 41.7% in the first half of the year, while manufacturing companies – dealing with trade war tariffs on top of the coronavirus pandemic – were down 9.8%. Utilities firms saw a drop of 8.7% in profits from January to June. Among the 41 industrial sectors the NBS measures, just nine saw profits rise year-on-year in the first half. One sector was unchanged, while 31 saw their profits decline. One of the few in which profits increased was electronics, communications and computing where profits rose 27.2%. State-owned enterprises (SOEs) were less profitable than private firms. Their dividend tumbled 28.5% in the first six months compared to a year earlier. For private companies, there was an 8.4% decline, while foreign-invested companies experienced an 8.8% drop.

The overall six monthly profit drop of 12.8% was a slight improvement on the 19.3% drop over the first five months,

and the record 38.3% year-on-year decline in the first two months of 2020. The improvement in May and June has come in line with other indicators which suggest China is the first major economy to have begun recovering from the pandemic, including successive positive purchasing managers' indices, improving retail sales and industrial production, along with exports and imports which surprisingly both returned to growth in June. "Although the profits of industrial enterprises clearly recovered and improved in the second quarter, in general, market demand remained weak due to the impact of the coronavirus pandemic. Companies still face many difficulties in production and operations," said Zhu Hong, Senior Statistician at the NBS, as reported by the South China Morning Post.

More tech companies added to Shanghai share index

The Shanghai share index was reorganized for the first time in 30 years. In its first overhaul, the country's oldest index for mainland-listed A-shares, the Shanghai Stock Exchange (SSE), **added 25 STAR Market-listed tech companies, and removed 91 firms labeled as high-risk** by the bourse. The number of index constituents stood at 1,493. The move aims to address "index distortion," the exchange said. Between 2009 and 2019, China's annual GDP nearly tripled, but the SSE – theoretically an economic barometer with a market capitalization of around USD5.45 trillion – lost 7%. To protect investors, the exchange is expelling "special treatment" shares – the group of companies that have suffered consecutive years of losses, have unusual financial conditions or have been fined for regulatory violation.

To reduce volatility, newly-listed stocks will be included in the SSE index one year after their debut, instead of after 11 trading sessions previously. The top 10 companies by size will be included in three months. To mark STAR Market's first anniversary, China also officially launched the STAR 50 Index for top-listed firms, which is expected to attract more investment and liquidity to the market. Chinese equities rose on the news. The Shanghai Stock Exchange said in a note: "The revised index can more accurately represent the overall performance of the SSE market after more scientific compilation." The implementation of the revised methodology of the SSE Composite Index will affect neither the continuity of the index, nor investors' observation of market conditions, the Shanghai Daily reports.

54 foreign-invested projects signed in Shanghai

A total of 54 foreign-invested projects to be launched in Shanghai with total investment exceeding USD8 billion were signed last week. Of the 54 projects, 15 are related to infrastructure, covering various industries such as network technology, artificial intelligence, biomedicine and integrated circuits, and 10 projects, with investments of more than USD100 million each, in areas such as commercial services, energy and finance. Three projects were launched by Global Fortune 500 companies. Siemens Energy Co signed a strategic cooperation agreement with the Pudong New Area. It has increased its investment and further injected CNY3.8 billion in just six months after it registered in the Shanghai Waigaoqiao Free Trade Zone last year, increasing the company's total registered capital to CNY4.1 billion.

"Today, Shanghai has become the regional headquarters of Siemens Energy and the hub of Siemens Energy's operation in China, carrying many key functions in the company's value chain, such as corporate management, production, sales and innovation. It plays an important role in the global success of our company," said Dieter Steinbrenner, Senior Vice President Finance of Siemens Energy.

Davide Bruschi, General Manager of Casappa Hydraulics Shanghai Co, said that the company, registered in the Pudong New Area in 2007, had seen annual revenue growing constantly, and is planning to invest more in China and set up regional headquarters in Shanghai as it regards it as one of its most important markets. "We chose Shanghai for its superior environment for doing business and investment. Here you can easily set up a company, run a business successfully, and most importantly, you can find the right talent," Bruschi said.

In the first six months of this year, Shanghai has seen the paid-in value of foreign investment totaling USD10.28 billion, an increase of 5.4% over the same period last year. Among them, 19 newly signed projects with an actual value of more than USD100 million each have in total contributed paid-in foreign investment of USD5.35 billion. In the first half of the year, 26 regional headquarters of multinational enterprises and 10 R&D centers were set up in Shanghai, bringing the cumulative number of regional headquarters and R&D centers in the city to 746 and 471, respectively. Shanghai authorities have helped foreign-funded enterprises to ease their difficulties with visits paid to the regional headquarters of 720 multinational corporations, and 11 round tables on government-enterprise cooperation, the Shanghai Daily reports.

People's Bank of China issues rules on blockchain

The People's Bank of China (PBOC), the central bank, has issued documents and evaluation rules regarding the application of blockchain in financial institutions including banks, security companies and insurance firms. It is the first time China's central bank has issued detailed rules regulating the application of blockchain technology, according to the Global Times. The document requires financial institutions to evaluate blockchain on three major fronts, including technology, performance and security, to judge whether blockchain can ensure the safe and stable operation of financial infrastructure. The document also gives detailed technological indicators, assessment methods and standards regarding product design, software development and system operation.

According to the notice, financial institutions are required to set up and improve risk mechanisms for blockchain application, and to conduct external safety assessments regularly to promote the application of blockchain. It urged

industry associations to strengthen management in the application of blockchain technology, and to set up internal mechanisms for self-inspection and information sharing. The rules issued by the central bank apply to banks, brokers, fund companies, futures companies, private investment funds, Union Pay and non-bank payment institutions.

Shentu Qingchun, CEO of Shenzhen-based blockchain company BankLedger, told the Global Times that the new rule is of great significance as it sets a legal basis for financial institutions on how they can explore the potential of blockchain technology. The documents were issued as Chinese policymakers have been doing pilot tests of a sovereign digital currency in selected cities in the country this year. A number of financial institutions, including the Agricultural Bank of China (ABC) and the Industrial and Commercial Bank of China (ICBC), have in the last two years been scaling up efforts to apply blockchain technology to aid their financial services such as internet financing and asset management.

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