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DECOUPLING

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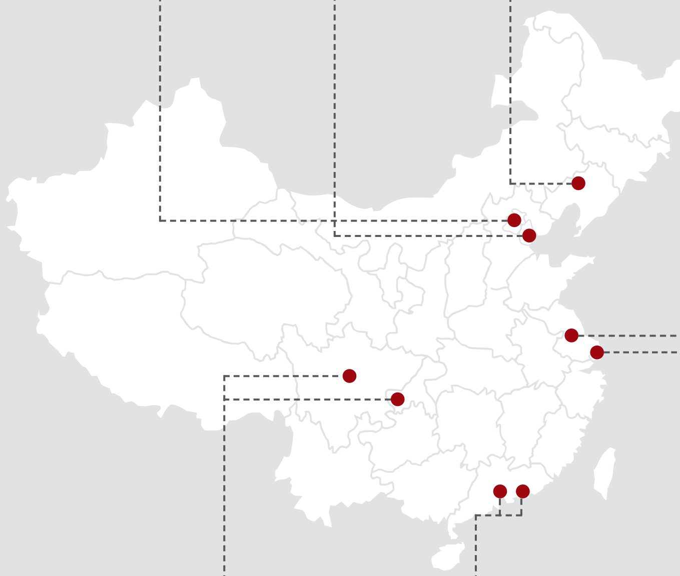

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President's Foreword

2021: To Decouple or not to Decouple, That is the Question

Jörg Wuttke

President

European Union Chamber of Commerce in China

At long last, 2020 is behind us. While the pandemic and its effects pay no heed to our calendar, the symbolic start of a new year comes with renewed hope for better times, with the arrival of vaccines giving us some light at the end of the tunnel. Nevertheless, we must not be naïve: we inherited last year's economic devastation and public health nightmares, all while relationships between China and many other countries are worsening.

In January, the European Union Chamber of Commerce in China published an extensive study that looks deep into the current and potential impacts of decoupling across our membership. Contrary to common assumptions, we found that it is not tariffs or financial sanctions that are presenting real threats. Instead, it's a tech war—from access to semiconductors to a fight over the entire digital ecosystem—that presents the biggest challenges.

Trade decoupling related to critical inputs is already a major problem for companies with operations in China. Targeted restrictions by the United States (US) and China on the sale and export of critical goods, like semiconductors or software, are troublesome for companies globally. The shortage of semiconductors in the automotive sector since late 2020 shows how costly even disruptions caused by supply volatility can be. Hundreds of thousands of vehicles demanded by Chinese consumers will not be produced due to these missing components while suppliers expand capacity. Disruptions to critical input access can ripple across a value chain, leaving customers without supplies or cutting off suppliers from demand. Too few companies we interviewed for the report had audited their supply chains for exposure like this.

Within China, the self-reliance drive is engendering digital decoupling through demands that technology be "autonomous and controllable", which is squeezing European network equipment providers out of the market. At the same time, European companies across all sectors are unable to integrate their digital solutions without a joint venture, driving them to instead find indigenous solutions.

For its part, the US is driving decoupling through a rapidly expanding definition of 'national security' in which seemingly everything sourced from China us now perceived as a potential threat. This was most clearly seen in moves against Huawei, ZTE, TikTok and WeChat. However, entire value chains now fall under this creeping definition, with the Clean Network initiative aiming to purge Chinese equipment and software end-to-end from the US system, be it infrastructure, phones or even apps.

The message of the decoupling report—that European companies should buckle down and prepare for the worst—might not be the most pleasant message to start the new year with. Luckily, we have also seen some positive notes in recent months. China finally upped its offers in order to conclude negotiations on both the Regional Comprehensive Economic Partnership and the Comprehensive Agreement on Investment (CAI). While the Chamber's first reaction towards the conclusion of the CAI is positive, we have not seen a final text yet, so our expectations remain cautiously optimistic for now.

Last year did not prove to be the monumental year for European Union (EU)-China relations we had hoped for, which was largely due to the pandemic. We are at a crossroads, with the EU and China being able to choose between further cooperation or further decoupling while working towards economic recovery. European business stands ready to assist in deepening dialogues and looks forward to a hopefully fruitful year.

BATTENING DOWN THE HATCHES

Some practical tips to prepare for decoupling

by Jacob Gunter

European companies in China are at risk of being caught in the expanding crossfire between the US and China as they steadily decouple from one another. **Jacob Gunter, senior policy and communications manager** with the **European Chamber**, explains how the Chamber's recently published report, *Decoupling: Severed Ties and Patchwork Globalisation*, found that the members surveyed were overwhelmingly underestimating how they may be impacted by the divergence of these two major markets.

A general survey on decoupling was completed by 120 European Chamber member companies in October 2020. Respondents indicated relatively high levels of awareness surrounding decoupling, and most recognised a moderate to low amount of exposure. Only a handful reported meaningful levels of mitigation planning.

At first glance, this seems positive – European companies are generally aware, not terribly exposed and some seem to be getting their act together ahead of any further disruptions.

Unfortunately, the 60-plus subsequent interviews with some of the surveyed member companies found these self-reported levels of awareness, exposure and planning to be highly optimistic.

Self-reported levels of...			
	Awareness	Exposure	Planning
High	52%	11%	11%
Moderate	31%	48%	37%
Low	14%	37%	40%

“Companies tended to view decoupling through a limited scope, chiefly looking at the US-China trade war as well as potential disruptions to supply chains as foreign companies considered leaving the Chinese market, especially American firms.”

11%

of European companies were considering shifting investments outside of China, according to the *European Business in China Business Confidence Survey 2020*

“...very few realised how the intersections of different challenges could hamstring their operations.”

Awareness

The bulk of the interviews conducted initially reflected the survey findings, with companies seemingly confident in their awareness of decoupling trends. However, as most interviews proceeded, company representatives began to portray bleaker prospects. Several noted that they had not given sufficient consideration to certain issues.

These interviews showed that companies tended to view decoupling through a limited scope, chiefly looking at the United States (US)-China trade war as well as potential disruptions to supply chains as foreign companies considered leaving the Chinese market, especially American firms. Companies were right to remain confident in light of the trade war, as most have by this point found ways to cope with or outright dodge the bilateral tariffs. However, using 'companies leaving China' as a main indicator of decoupling is not accurate. In the *European Business in China Business Confidence Survey 2020*, a mere 11 per cent of European companies were considering shifting investments outside of China.

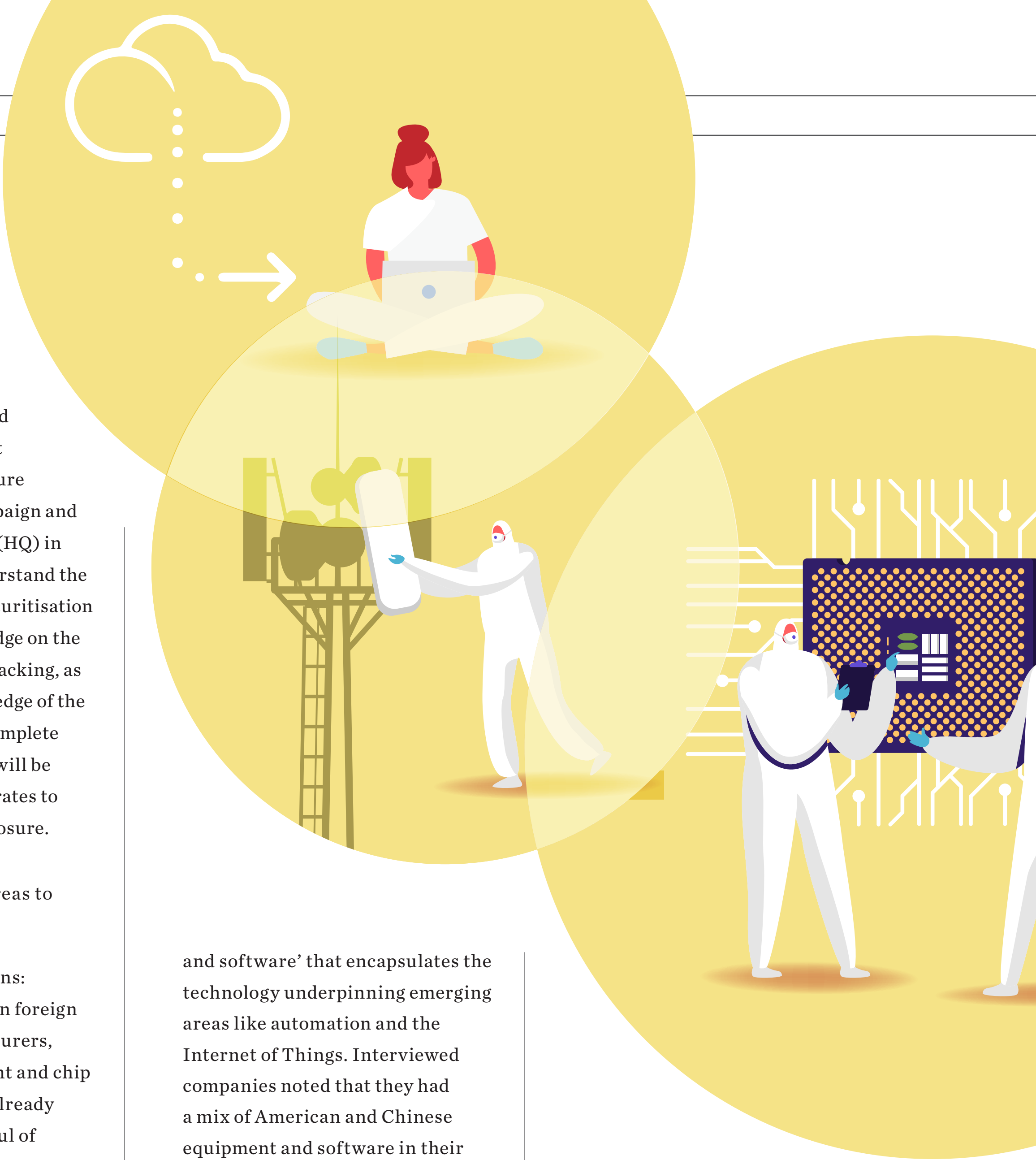
Instead, companies would do well to boost their awareness of the various layers of decoupling that are proceeding apace, nine of which are covered in extensive detail in the decoupling report:

- Macro: Political and financial
- Trade: Supply chains and critical inputs
- Innovation: Research and development (R&D) and standards
- Digital: Data governance, network equipment and telecommunications services

Exposure

Companies almost universally underestimated their exposure to decoupling. Most had a better understanding of the individual layers and how they impact their company, but very few realised how the intersections of different challenges could hamstring their operations. This was most apparent in the 'technology ecosystem quagmire' identified in the report; how the US and China are in the early stages of a technology divergence, especially on all things digital.

China has doubled down on its self-reliance campaign, and has clearly walled off much of its technology ecosystem to protect local champions and develop an "autonomous and controllable" digital environment. The US is declaring more and more of its ties with China to be a national security risk, with not just individual technologies being barred, but increasingly entire value chains of digital equipment and solutions now being required to be purged of anything from China. The US has also gone on the offensive with certain companies, such as Huawei, by blocking their access to American technology exports like semiconductors. European companies



should examine how much of their technology will be exposed if these trends continue.

In general, the decoupling report found that China-based teams tended to have a decent understanding of their exposure to the local self-reliance campaign and its challenges. Headquarters (HQ) in Europe tended to better understand the issues arising from the US securitisation drive. However, HQs' knowledge on the situation in China was often lacking, as was China operations' knowledge of the US, leaving both with an incomplete picture. Bridging that divide will be a critical first move for corporates to accurately measure their exposure.

In general, there are a few areas to focus on first:

- Semiconductor disruptions: China is heavily reliant on foreign semiconductor manufacturers, manufacturing equipment and chip technology. The US has already limited access to a handful of Chinese companies. While the Biden Administration is unlikely to wield these restrictions in a wide and indiscriminate manner, these tools may still be utilised. European companies will probably not lose access themselves, but they should determine their potential exposure to both lost supplies and demand.

- Network equipment and software: The broadsides from the US aimed at Huawei and ZTE are obvious, and European companies eager to integrate equipment from those suppliers cannot overlook the potential exposure to further strikes from the US or others. However, European companies should look into the broader meaning of 'network equipment and software' that encapsulates the technology underpinning emerging areas like automation and the Internet of Things. Interviewed companies noted that they had a mix of American and Chinese equipment and software in their preferred systems for developing smart factories or products like autonomous vehicles.

- Digital services: China's strict limits on foreign-invested 'value-added telecommunications services (VATS)'—for example, cloud services, data storage and management, virtual private networks and certain types of online stores—traditionally primarily affected information and communication technology/telecoms companies. However, more and more companies across all industries are developing their own VATS solutions to improve their operations and boost value and convenience for customers. Companies looking to bring these solutions to China need to be acutely aware of the restrictions involved, and begin to consider either entering a joint venture with a local company to get around barriers, or outsourcing these services to local suppliers.

Planning

European companies in China are recommended to begin strategising for potential scenarios now. First and foremost, this should include establishing a corporate taskforce that brings together teams across major markets, especially the EU, China and the US. Several companies were interviewed multiple times in order to hear from key staff in both China and at

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"European business should actively engage in advocating against these trends—both on their own and through chambers of commerce and industry associations, among other options—to try and steer the conversation in the right direction."

HQ. In many of these cases, staff were rarely found to be on the same page, with the perceptions of some deviating considerably from their counterparts. A taskforce can help ensure that, at the very least, everyone is working from the same information.

Ideally, this taskforce could also look into the level of company exposure mentioned above, so more coordinated responses and preparations can be made. Following the interviews, several participants went on to audit their exposure in certain areas. They found varying levels of risk and are in the midst of determining how to respond while also beginning to discuss these concerns with their suppliers and customers. This is a good start.

In the medium- to long-term, companies may need to consider how to deal with the technology divergence. Automotive makers interviewed for the report were the most likely to be looking into this, and indicated two main options in particular:

- A 'dual system' that would require the 100-plus essential computerised and digitalised components to be divided between two separate supply chains. Many of those components use equipment or digital solutions from the US or China, and may thus be subjected to scrutiny or restrictions in the future. This solution would create highly resilient value chains for both markets, but would be enormously costly.
- A 'flexible architecture' approach could be a workable alternative. Companies would try to develop products and components that are as 'technology neutral' as possible, which could then be adapted/localised into either market. For example, if an autonomous driving system is mostly unaffected, but the radar or global positioning system must be localised, the producer would restrict localisation to only those parts. This would be far cheaper, but risks serious disruption down the road, as all it would take is for another piece of technology to fall under the US or China umbrella requiring localisation to upend the entire supply chain.

Neither of these options are ideal, and would severely diminish companies' economies of scale. Some companies even noted that they would be pushed out of the market as a result. Many smaller banks, for example, reported that to fully localise their systems would not only cost tens of millions of US dollars, but would also disconnect them from the very global networks that make them competitive in the few areas in which they can operate in China. If forced to localise, they would instead leave, as their already small footprints would not warrant such a sizeable investment.

There are no easy solutions, but these are examples of conversations that companies need to initiate. As well, European business should actively engage in advocating against these trends—both on their own and through chambers of commerce and industry associations, among other options—to try and steer the conversation in the right direction.

In the meantime, buckle up, and prepare for the situation to worsen.

To download *Decoupling: Severed Ties and Patchwork Globalisation*, scan the QR code.

Post-pandemic Geopolitics

How will it shape opportunities for businesses in China?

by Chris Torrens

Before the COVID-19 virus turned everybody's world upside down in 2020, the fallout from the trade war between the United States (US) and China had already been dampening sentiment in the European business community in China. Meanwhile, the pandemic's disruption of supply chains rattled consumers in firms' home markets, triggering growing pressure to 'onshore' production. **Chis Torrens** of **Control Risks** discusses how the legacy of these trends may affect the opportunities for growth available to European businesses operating in China.

The current era of Europe-China relations dates back to the early 1970s. The US-China rapprochement of 1972—symbolised by US President Richard Nixon's visit to Beijing that year—paved the way for a series of visits by European leaders. In 1974 British Prime Minister Sir Edward Heath came to Beijing on the heels of a British trade delegation, and the following year the European Community established formal relations with China.

Once China opened its doors to large-scale foreign investment at the end of the 1970s, trade between the European Union (EU) and China started to take off. In the decade between 1985 and 1994, bilateral trade more than tripled from US dollars (USD) 14 billion (bn) to USD 46 bn, outstripping China's already breakneck gross domestic product growth – despite an international freeze on investment in the post-Tiananmen years of the early 1990s.

USD 46 bn

In the decade between 1985 and 1994, EU-China trade more than tripled from USD 14 bn to USD 46 bn

Fast forward to today, and the EU-China relationship clearly carries value for both sides: the EU is China's largest trading partner, while China is the EU's second-largest trading partner after the US. Yet geopolitical pressures on the relationship have been growing for more than a decade. An economic slowdown in Europe in the wake of the global financial crisis of 2008/2009 prompted a drift towards populism as increasingly frustrated electorates struggled to deal with the effects of slowing economic growth, joblessness and income disparity. Populist movements exploited public dissatisfaction and supplied scapegoats—globalisation, immigrants, political elites—which further fuelled nationalism and protectionism.

"An economic slowdown in Europe in the wake of the global financial crisis of 2008/2009 prompted a drift towards populism as increasingly frustrated electorates struggled to deal with the effects of slowing economic growth, joblessness and income disparity. Populist movements exploited public dissatisfaction and supplied scapegoats—globalisation, immigrants, political elites—which further fuelled nationalism and protectionism."

Meanwhile, over the past decade China has adopted a more robust foreign policy approach, particularly in response to the antagonistic US administration of former President Donald Trump (2017–2021). The ratcheting up of geopolitical tensions as leaders seek to manage their own domestic challenges has increased concerns about what is regarded as China's increasingly assertive approach abroad. The result has been a weakening of mutual trust in the EU-China relationship, which has had an impact on broader economic relations. In 2019, Chinese investment in Germany (as measured by number of projects) dropped out of the top three where it had been for the previous three years.

Is this an indication that China's governance model is increasingly perceived as fundamentally at odds with Europe's political values? Perhaps, though not everyone in Europe agrees – and not all EU Member States are turning their backs on Beijing. Fault lines exist within the regional bloc – not between West and East, nor North and South, but rather between supporters and sceptics of the EU project. Some of these leaders have leveraged the broader EU-China tensions in their own dealings with Brussels; for example, under Prime Minister Giuseppe Conti, Italy became the first member state to officially join the BRI, while in 2020 Rome used China's 'mask diplomacy' to criticise the EU for its lack of timely support.

China has also cannily played on divisions within the European bloc to help strengthen its position.

In 2019, China added Greece to the '16+1' – a grouping established by Beijing in 2016 with the aim of promoting business and investment relations with central and Eastern European countries. The admission of Greece to the 16+1 was a political coup for Beijing but stoked EU-China tensions: the (now) 17+1 is already a contentious initiative for the EU because 12 countries within this grouping are EU Member States. Admittedly, Chinese investment in those 12 member states is very modest: a total of euro (EUR) 8.6 bn flowed into these countries from China between 2010 and 2019, compared with EUR 12 bn and EUR 10 bn into Finland and the Netherlands respectively over the same period. Yet the optics are not good for the EU, which is frustrated by China's exploitation of its internal divisions at a time when the integrity of the European project has been weakened by a long and tortuous Brexit.

Chinese Foreign Minister Wang Yi's European visit in September 2020, intended as a charm offensive, only served to highlight the growing differences between the two sides. The same month, Germany released its Indo-Pacific guidelines, making it the second European country after France to issue an Indo-Pacific strategy aimed at establishing a stronger presence and diversified engagement in the region.

With increasing concerns about a flood of Chinese investment into critical national infrastructure some European countries—notably Germany and the United Kingdom—have introduced regulations intended to restrict Chinese investment. Last October, a new EU foreign investment screening framework also took effect.

However, in the final twist of an historically unpredictable year, the EU and China unexpectedly reached a tentative agreement on the Comprehensive Agreement on Investment (CAI) more than seven years after negotiations began. While much of the deal is aspirational and will take time to be implemented, it does at least reflect an effort to shift the discourse towards engagement rather than confrontation – and perhaps to steal a march on US President Joe Biden's China policy announcements in the following weeks.

For both Europe and the US, China is the top geostrategic issue. While 2021 is widely expected to usher in a period of more predictable US foreign policy and a return to more stable US-Europe relations, the signing of the CAI will have frustrated a Biden Administration keen to present a united front to China more in line with its own policy. There will be continuing pressure from both the US and the growing number of China critics within the EU on European partners to take sides when it comes to technology standards, human rights, investment regulations and other key issues. Some countries will doubtless be comfortable remaining closely aligned with the US, while others may still look to deepen what are valuable relationships with China. Notable among those countries likely to be pulled in both directions is Germany: Chancellor Angela Merkel has historically balanced criticism of Chinese actions with encouragement of bilateral trade in order to safeguard Germany's hugely valuable trade relationship with China. With Merkel's departure, this balancing act will be more of a challenge.

March 2019
Italy became the first EU Member State to officially join the BRI

April 2019
China added Greece to the '16+1'. Expands to '17+1'

January 2020
COVID-19 outbreak

September 2020
Chinese Foreign Minister Wang Yi's European visit

September 2020
Germany released its Indo-Pacific guidelines

October 2020
New EU foreign investment screening framework took effect

December 2020
The EU and China unexpectedly reached a tentative agreement on the CAI

January 2021
Joe Biden officially became the 46th President of the United States

What should European companies in China look out for in 2021? High on the list is regulatory enforcement, with greater scrutiny of multinational companies (MNCs) across a range of issues such as anti-bribery compliance, antitrust, environmental protection, product quality, technology, data and tax. However, one key challenge stands out. In the current geopolitical climate, the operating environment for foreign companies will become increasingly politicised. Against this backdrop of business uncertainty, will the CAI mark a genuine step forward in terms of market access and will it be sufficiently robust to provide protection for European MNC operations in China? European businesses will need to maintain a fine balance between engaging in important and often divisive issues in their home and China markets, as it will become harder to remain neutral or apolitical if tensions intensify. One only has to look to Australia to appreciate that walking this tightrope successfully will remain both challenging and essential for companies seeking to build and maintain a healthy China business.

Chris Torrens is partner in Control Risks' Greater China and North Asia region, based in Shanghai. Chris heads up the East China geomarket and is also responsible for growing the company's outbound China business, advising both state-owned and private Chinese MNCs operating globally. In these capacities, he has consulted with multinational and Chinese corporations across various industries on risk and strategy issues, particularly in relation to geopolitical risk.

Control Risks is a specialised risk consultancy committed to helping clients build organisations that are secure, compliant and resilient in an age of ever-changing risk and connectivity. Clients include national and multinational businesses in all sectors, law firms, government departments from many parts of the world, NGOs and SNBs, both national and international.

CIIE, YOUR IDEAL GATEWAY TO THE CHINESE MARKET

The China International Import Expo (CIIE), the world's largest import-themed expo, will be held for the fourth time in Shanghai from 5th to 10th November 2021.

Holding the CIIE is of great significance for China to demonstrate its commitment to advancing its high-level opening-up.

Thousands of exhibitors and hundreds of thousands of buyers from across the globe have descended on Shanghai in the past three years to reap the benefits offered by the expo. With its growing exhibition space and influence, the CIIE is becoming a must-attend event for international businesses every November.

Here's why you cannot afford to miss out on the truly unique opportunities provided by the CIIE.

1. It's large in scale and covers extensive industries

- The CIIE is the world's largest import expo and one of the top 10 business shows in the world. It unleashes the potential of the global marketplace.
- The CIIE has grown in scale and influence each year. In 2020, the expo covered 360,000 square meters -- equivalent to the size of almost 70 standard football fields.
- The global trade fair caters to a complete range of industries, including food and agricultural products, automobiles, intelligent and information technology, consumer goods, medical devices, healthcare products and trade in services.
- Each exhibition section of the comprehensive trade fair is a professional trade show in the specific industry. It is organised professionally and displays the industry's most cutting-edge products.

2. It features high-quality participants and exhibits

- The CIIE is attended by the top leaders of industry, governments and trade promotion agencies from all over the world.
- The past three editions have been attended by 10,000 exhibitors, many of whom are Fortune Global 500 companies and industry leaders.
- The event has become a must for influential industry leaders, such as the top 10 pharmaceutical companies in the world and the world's leading carmakers.
- No other event in the world provides a better stage with such scale and influence for Asian and global product debuts. In the past three editions, more than 1,300 products and services have made their global or Chinese debuts at the expo.

3. Enterprises can meet purchasers, ink transactions, enter the Chinese market and land projects

- The CIIE is a fair visited by trade delegations from all provinces and large-scale enterprises in China that are seeking business opportunities. Some 1.3 million buyers have attended the first three editions.
- Each year, participating organisations ink billions of dollars in deals at the CIIE, and the numbers continue to grow with each event. Over the past three years, over $200 billion in deals have been signed.
- With the sealed deals, participants can also have their projects launched in China. A total of 319 projects backed by foreign investment worth $15 billion have been initiated at the first and second expo. Many of them have already been implemented and are now in operation.

4. The expo is a gateway to China and a highway to success

- Participating in the CIIE provides a prime gateway into understanding and benefitting from China's market of 1.4 billion people.
- The CIIE is not just an important gateway for global trade access to the huge Chinese market but also an excellent opportunity for companies to meet potential partners of both upstream and downstream businesses across the industrial chain.

5. It offers one-stop services so business can run smoothly

- The CIIE provides extra benefits for companies entering China by offering special services that make doing business with Chinese partners as smooth as possible. The benefits cover consultancy, customs clearance, business registration, matchmaking and more.
- At the CIIE, participants can also promote their brand and earn significant media exposure. Global media attend the CIIE each year to report on the latest deals, products and innovations introduced into the market.
- Over 10,000 journalists have covered the expo during the past three years. In the domestic market alone, more than 3.5 million reports and social media posts featured the CIIE.
- With its own intellectual property (IP) protection service team, the CIIE ensures every participant's IP is well-protected.
- Participants are given exclusive insight into how they can leverage preferential policies that make doing business in China easier, including preferential tax policies for the retention and purchase of imported exhibits.
- Participants can connect with new business partners, customers, suppliers, and more importantly, government departments of all levels in China via a complete communication platform featuring over 100 forums, seminars and policy-interpretation meetings.

Registration for the Business Exhibition of the 4th CIIE is now open.

Visit https://www.ciie.org/ciie/f/book/register?locale=en to register.

Sign up before **31st January 2021** to enjoy the early-bird offer!

Have a Good Name

The EU-China Geographical Indications Agreement

On 1st January 2021, the agreement on geographical indicators (GI), which had been signed by the European Union and China over three months previously, came into force. Under the agreement, 100 European food and beverages and 100 Chinese food and beverages from well-established geographical locations will now be protected from imitation in each other's market.

The reputation of some food is inherently linked to the location they originated in, as local conditions, as well as the local expertise that goes into their cultivation, may directly affect the taste and quality of the final product. Consumers are increasingly willing to pay for the know-how that goes into creating such products, as well as the quality that they represent. The reputation is essentially a form of intellectual property (IP), and is protected under World Trade Organization (WTO) rules and agreements.

The EU-China GI Agreement is not just intended to ringfence the profits of the producers of the 200 products on the list. It will also reassure consumers that they have purchased a safe and reliable product, no matter whether they are eating Roquefort cheese in Roquefort or Shanghai.

Negotiations on GIs began between the two sides as far back as 2006, five years after China's accession to the WTO. China is a major trading partner for the EU – in the agri-food sector, China was the third-largest consumer of EU goods in 2019, and accounts for nine per cent of the global market for EU GI goods.

Following the signing of the EU-China GI Agreement, the EU released a statement saying: "It is a concrete example of cooperation between two parties and reflects openness and adherence to international rules as a basis for trade relations." A spokesperson for the Chinese Ministry of Commerce noted that: "This is the first comprehensive, high-level bilateral agreement China has ever signed with foreign businesses to protect geographic indications," and added that it was a significant hallmark for China-EU trade.

The European Chamber welcomed the signing of the agreement, as working groups have carried out related advocacy actions on this issue since the Chamber was created. This bilateral agreement is also, as the Chamber noted in its stance on the EU-China GI Agreement, an indicator of the "growing maturity of bilateral ties" and shows that further cooperation on trade, such as the Comprehensive Agreement on Investment, is within reach.

However, the European Chamber also raised some lingering concerns:

"Several hurdles in China still exist that could impact the implementation of the GI Agreement. First, China' complicated GI protection system—actually composed by three separate systems—still does not define GIs as IP rights. This often leads relevant authorities to forego using administrative measures to intervene in GI infringement cases, which can result in losses for European companies. Second, relevant food standards in China make it impossible to import some of the items now granted GI protection, specifically some of the cheeses. The European Chamber hopes that this signed agreement will drive China's regulators to make the necessary reforms to remedy these issues." Eb

European Commission

EU-CHINA
GEOGRAPHICAL INDICATIONS AGREEMENT

CHINA :
A MARKET OF
1.4 BILLION
CONSUMERS

China is the **third destination** for EU agri-food products, reaching **€14.5 billion in 2019.**

+38%
for January
– May 2019 vs 2020

The Chinese market is a **high-growth** potential market for European food and drinks, with a growing middle class with a **taste for iconic European products**. It also has a well-established **geographical indication** system of its own, waiting to be further discovered by EU consumers thanks to this agreement.

100 **EU GEOGRAPHICAL INDICATIONS** PROTECTED IN CHINA
CHINESE GEOGRAPHICAL INDICATIONS PROTECTED IN THE EU

The EU-China GI agreement is a **landmark treaty** between the European Union and the People's Republic of China. It is a concrete example of cooperation between two parties and reflects openness and adherence to international rules as a basis for trade relations.

THE EU LIST OF GIs to be protected in China include products such as :

Among **THE CHINESE PRODUCTS,** the list includes for example :

Following the signature of the agreement and the European Parliament consent, it will officially be adopted by the Council. The agreement is expected to enter into force at the **beginning of 2021**.

Within four years after its entry into force, the scope of the agreement will expand to cover an additional **175 GI names from both sides**. These names will have to follow the same approval procedure as the 100 names already covered by the agreement.

Corporate Social Responsibility Today

Business as a force for good in times of crisis

by Chia-Lin Coispeau and Yves Reymond

On 19th November 2020, the European Chamber hosted its 7th Corporate Social Responsibility (CSR) Awards and Forum in Nanjing. The event provided participants the opportunity to share viewpoints and case studies on the exercise of CSR in times of crisis. In this article, **Chia-Lin Coispeau, partner at Maverlinn Impact Innovation** and **Yves Reymond, head of the Economic Department of the Swiss Embassy in China,** share a synopsis of the keynote speeches and panel discussion.

The CSR Awards were initiated by the European Chamber's Nanjing Chapter in 2014, and have since become a yearly signature event that symbolises the engagement of local members in developing a healthy and sustainable society for future generations. If any lesson is to be drawn from 2020, it is that the health and sustainability of all societies are indeed vulnerable. When crises emerge in these areas, everybody is affected, which makes successful cooperation vital for recovery.

Challenges and hopes in times of crisis

The pandemic has dragged the world's economy into recession. Global gross domestic product (GDP) is forecasted to contract sharply by 4.1 per cent in 2020. China is the only major economy with growth prospects in 2020, with an anticipated rise of 1.8 per cent – its slowest pace on record. In the euro area, economic activity will decline by a record 7.9 per cent. More significantly, the economic impact of the pandemic is highly heterogeneous and exacerbates inequalities between and within countries. Global growth is projected to rebound to 5.2 per cent in 2021, on the assumption that the health situation will ease gradually. Despite this, the International Monetary Fund (IMF) expects the recession to have a long-lasting effect, with a cumulative loss in global output expanding from United States dollars (USD) 11 trillion in 2020/2021 to hit USD 28 trillion by 2025. This translates into a severe setback for living standards worldwide.

Partly as a result of the increased economic and geopolitical tensions in 2020, China's 14th Five-year Plan hints towards a significant strategic evolution. According to an October 2020 *Qiushi* article by President Xi Jinping, the construction of "autonomous and controllable" domestic production

systems in key areas has to be achieved.[1] Consequently, the Dual Circulation economic policy is now consensually seen as an announcement for more self-reliance. Likewise, the reinforcement of supply chains in third countries will lead to relocations of factories and businesses outside China. For example, when it comes to medical supplies, it is clear that no country will continue to accept that a large part of its paracetamol supply depends on a single factory in China.

Against this backdrop, we Europeans have to review the opportunities and challenges ahead. It is encouraging to note an increased sense of unity. In recent months, Europe showed its strength, and its institutions decided on an ambitious response. It also worked efficiently with its closest neighbours, like Switzerland. The European Union (EU)'s long-term budget, coupled with the NextGenerationEU initiative, has allocated euro (EUR) 1.8 trillion to help create a post-COVID-19 Europe that will be greener, more digital, more resilient and more innovative.

Sustainability is a global concern and a global challenge. Instruments like the 2015 Paris Climate Agreement and the United Nations (UN) Sustainable Goals have been created to shape a global response. It is now important to implement this response and European countries have a leading role to play. For example, Switzerland is leveraging the financial sector through the International Network of Financial Centres for Sustainability. In the 2019 Beijing Call for Biodiversity Conservation and Climate Change, France and China emphasised the need for green trade agreements. It is through concrete achievements and *de facto* solidarity that we can better face the many challenges ahead. Businesses' actions and engagement will be fundamental to our success.

[1] President Xi Jinping, *The country's medium– and long–term economic and social development strategy has a number of major issues, Qiushi,* 31st October 2020, viewed 31st December 2020, <http://www.qstheory.cn/dukan/qs/2020–10/31/c_1126680390.htm> (link in Chinese)

How to make CSR strategic?

The force of CSR lies in making it strategic. CSR is not about prioritising environmental and social concerns over shareholder interests; it is about finding solutions to those problems in a way that serves shareholder interests. It is not just marketing; it is a market opportunity. Ideally, CSR should be related to a company's core activity and be used to create a strategic advantage.

To achieve this, empirical evidence has demonstrated that client and customer engagement is a key factor. Such engagement helps companies re-evaluate their products and better meet consumers' needs. For example, textile producers have been developing clean manufacturing procedures following pressure to do so from end-consumers.

Enabling the development of cross-sector clusters is also a powerful way to achieve shared value: partners, suppliers and employees are on the frontlines of operations and can—if given the chance—identify important avenues for sustainability. For example:

- A multinational committed to plastic neutrality partnering with suppliers from different sectors to develop alternative packaging;
- A leading certification company partnering with a software producer to develop a platform for responsible sourcing; or
- An academic partnership with a Swiss Polytechnic school facilitating the development of a new form of environmentally friendly cement that can reduce the material's carbon footprint by up to 40 per cent.

Finally, leadership commitment is needed to encourage organisations to rethink their value chain. In multinational companies as well as in

small and medium-sized enterprises, a clear goal needs to be set. Here, the aim is to achieve a company culture that empowers people to find real solutions to the problems they face. For example, to face the challenge of underage workers, a clothing company decided not to lay them off—which would have not solved the underlying issues—but rather to develop a local vocational education system. This approach also allowed the company to build up the skillsets of its future employees.

European companies in the context of today's China

During the UN General Assembly in September, President Xi Jinping announced China's target of achieving carbon neutrality by 2060. European and Swiss companies have the competence to contribute strongly and help China achieve this goal. This is particularly true in the energy, construction and automotive sectors, which will be essential players in the transition to a low-carbon and renewable energy economy.

There are also enormous opportunities for companies in various other sectors, including finance. Indeed, European and Swiss financial institutions are the most advanced in the world in terms of green financing, green bonds or environmental, social and governance-fund management. A large part of China's ability to transition to a greener, low-carbon economy will require creating a set of rules and regulations, as well as a set of banking and investment services, that will ensure the huge pool of Chinese and international capital and funds are primarily directed towards financing green and sustainable projects and companies in China.

While innovation will continue to be a significant driver for the success of companies, it is important to keep in mind gender and diversity. In fact, research has shown that diverse teams can develop more innovative ideas.[2] The Women's Empowerment Principles, initiated in 2010 by UN Women and UN Global Compact, provide a useful framework to help companies promote gender equality.

In conclusion, the COVID-19 crisis has provided a unique opportunity for companies to invent new and more resilient economic models. Tomorrow's winning business models will be developed around a three-Ps trilogy, focussing on people, planet and profits. To be successful, corporate perceptions of those three issues might require paradigm shifts. Eb

[2] Chamorro–Premuzic, Thomas, *Does Diversity Actually Increase Creativity?*, *Harvard Business Review*, 28th June 2017, viewed 31st December 2020, <https://hbr.org/2017/06/does-diversity-actually-increase-creativity>

Winners of the 7th CSR Awards

MNCs CATEGORY:

Leadership in CSR and Sustainable Growth

National – SAP China

Regional – Arkema, Dragon Expedition

Excellence in Environment Conservation – Epiroc China

National - Nestlé China

Regional - BOSCH AA, Saint-Gobain

NGO/SOCIAL ENTERPRISES CATEGORY:

Excellence in Social Innovation
– NETSPRING Green IT Programmes

2020 SPECIAL AWARD

Excellence in Managing the COVID-19 Crisis
– Siemens, Signify

The authors take this opportunity to thank the European Chamber, the judges, the winners and all the applicants, and the speakers at the 7th CSR awards for providing such an enriching platform for exchanges and discussion. In particular, this article includes elements raised in the keynote speeches of Jean-Marc Fenet, minister counsellor of the French Embassy in China and Bruno Weill, state representative of the European Chamber in China and BNP Paribas Group representative in China, as well as from experiences shared by panelists from Arkema, GRE Investments, Nestlé, Netspring and UN Women China.

Approved, Politically

The EU-China Comprehensive Agreement on Investment

by Dezan Shira

The European Union (EU) and China announced their political approval of the Comprehensive Agreement on Investment (CAI) on 30th December 2020. Political consensus around the market-opening agreement was reached seven years after negotiations began in 2013. The **China Briefing** team at **Dezan Shira** looks at how the CAI developed and why acquiescence on the agreement was reached at this stage.

Following a video conference on the CAI on 30th December with Chinese President Xi Jinping, Charles Michel, president of the European Council, and Ursula von der Leyen, president of the European Commission said in a statement: "This agreement is of major economic significance... China has committed to an unprecedented level of market access for EU investors, giving European businesses certainty and predictability for their operations."

Meanwhile, Chinese state media reported Xi's affirmative position on the agreement and its importance to China: [The CAI] "demonstrates China's determination and confidence in advancing a high level of opening to the outside world and will provide greater market access for China-EU mutual investment, a higher quality business environment, stronger institutional guarantees and brighter cooperation prospects."

What to make of the announcement and its timing?

Looking further ahead into 2021, the relevance of the CAI is clear. Despite widespread doubt consensus could be reached, the EU and China still managed to positively conclude negotiations to the agreement before the end of 2020. This, in and of itself, is a clear testament to both sides' commitment to doing business with each other and increasing mutual trust, at least on the economic front.

It is also interesting to note that the agreement was not delayed by the then-incoming administration of United States (US) President Joe Biden, which indicates that perhaps the EU may no longer be as considerate of Washington in determining the scope of its future ties with Beijing.

Further, the EU has reportedly secured important concessions on major sticky points: forced technology transfers and the need for transparency on China's state subsidies for the services sector – the latter, in particular, has prevented a level playing field between private foreign-invested enterprises (FIEs) and China's state-owned entities (SOEs), according to EU negotiators.

Now Beijing will be obliged to publish a list of the subsidies it will provide to specific sectors every year, such as real estate, telecommunications, banking and construction. In return, the EU will ensure relatively free access to its market, a major win for Chinese investors and businesses that is not easy to secure – as can be attested by anyone embarking on market access negotiations with Brussels.

And, while Beijing still appears unwilling to completely remove restrictions in select sectors (automotive, health and aviation), industry analysts are confident that EU businesses in the manufacturing, engineering, new energy vehicles, financial services, real estate, telecommunications, cloud-computing services, health and consulting industries will stand to benefit the most from the market-access agreement.

In 2021, European investors are expected to make more inroads into Asia, tapping into emerging economic opportunities and taking advantage of large markets and other operational considerations.

Given the experiences of the pandemic and the US-China trade war, the shift to localise supply chains and geographically de-risk investment will continue, complimented by a doubling down in focus on important markets like China.

The outline of the CAI

The EU and China agreed to the essential principles that both parties want reflected in the CAI. Such alignment sets the foundation for strong development of international cooperation and for the increase of bilateral investments. It may also boost EU economic growth, especially in the post-COVID-19 recovery period.

The European Commission issued a document summarising the results of the negotiations that need to be considered *ad referendum* – hence are subject to that finalisation of details.

Under the preamble of this document, the parties reaffirm their commitment to the Charter of the United Nations (26th June 1945)—principles articulated in the Universal Declaration of Human Rights (10th December 1948)—and agree to promote investment in a manner that supports environmental protection and labour rights' protection.

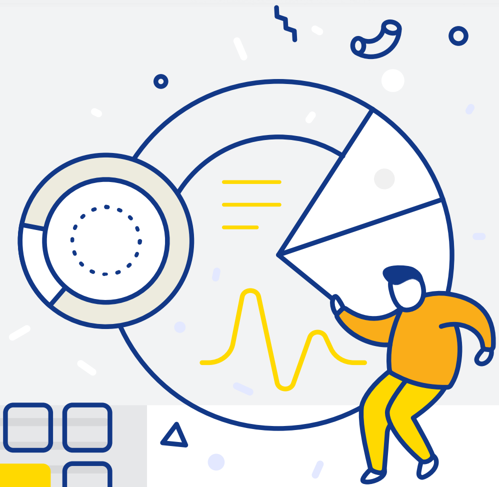
The document then reports that the CAI will focus on the following aspects:

- Market access and investment liberalisation.
- Level playing field (SOEs, forced technology transfers, transparency in subsidies).
- Domestic regulation.
- Transparency in standards-setting.
- Financial services.
- Sustainable development.
- State-to-state dispute settlement mechanism.
- Institutional and final provisions.

The principles mentioned in the document seem to positively respond to the EU requests from China, thus paving the way for an unprecedented level of access for EU investors in the China market. EU investors will be allowed to set up new companies in key sectors. The elimination of quantitative restrictions, equity caps, and/or joint venture requirements in

Examples of Market Access Commitments Undertaken by China Under ther CAI

Automotive sector	• Remove and phase out joint venture requirements. • Allow market access for new energy vehicles.
Financial services	• Continue the liberalization of the financial services sector, which will benefit EU investors. • Joint venture requirements and foreign equity caps removed for banking, trading in securities and insurance (including reinsurance), as well as asset management.
Health (private hospitals)	• Offer new market opening by lifting joint venture requirements for private hospitals in key Chinese cities, such as Beijing, Shanghai, Tianjin, Guangzhou, and Shenzhen.
R&D (biological resources)	• Commit to not introduce new restrictions to foreign investments in R&D in biological resources. • The EU will benefit from any future relaxation of current restrictions in this area.
Telecommunication/cloud services	• Lift the investment ban on cloud services. • Set an equity cap of 50% for EU investors in such sectors.
Computer services	• Bind market access for computer services. • Include a "technology neutrality" clause, which will ensure that equity caps imposed for value-added telecom services will not be applied to other services, such as financial, logistics, medical, etc. if they are offered online.
International maritime transport	• Allow investment in relevant land-based auxiliary activities, enabling EU companies to invest without restriction in cargo-handling, container depots and stations, maritime agencies, etc. • This will allow EU companies to organize full range of multi-modal door-to-door transport, including the domestic leg of international maritime transport.
Air transport-related services	• Open-up key areas of computer reservation systems, ground handling, and selling and marketing services. • China has also removed its minimum capital requirement for rental and leasing of aircraft without crew, going beyond GATS. (Air traffic rights are not a subject of the CAI – being regulated under separate aviation agreements.)
Business services	• Eliminate joint venture requirements in multiple services, including but not limited to: - Real estate services - Rental and leasing services - Repair and maintenance for transport - Advertising - Market research - Management consulting and translation services
Environmental services	• Remove joint venture requirements in environmental services, such as: - Sewage - Noise abatement - Solid waste disposal - Cleaning of exhaust gases - Nature and landscape protection - Sanitation - Other environmental services
Construction services	• Eliminate the project limitations currently reserved in China's GATS commitments.
Employees of EU investors	• Managers and specialists of EU companies will be allowed to work up to three years in Chinese subsidiaries, without restrictions, such as labor market tests or quotas. • Representatives of EU investors will be allowed to visit freely prior to making an investment.



various sectors will level the playing field for EU companies in China, providing rules to discipline SOE behaviour, guaranteeing transparency in subsidies and facilitating sustainable development.

The CAI, by binding China at the international level, will enhance the protection of foreign investors' rights and interests that will be guaranteed by the treaty.

In other words, it makes the conditions of market access for EU companies independent from China's internal policies. Also, the parties to the CAI have agreed to establish a dispute resolution settlement mechanism in case of any breach.

Conclusion

The EU and China are now working towards finalising the text of the agreement, which will need to be legally reviewed and translated. It is expected to be signed during the French presidency of the EU in 2022 – and then submitted for approval by the EU Council and the European Parliament.

At this juncture, it is worth remembering that the EU Parliament has the power to decline or withhold consent to an international agreement. Thus, if the EU Parliament refuses to give its consent, the agreement the parties will have signed onto will be considered legally void.

In other words, the next steps are crucial for the CAI's implementation. European business in China will be watching developments closely. EB

13TH Nov.
ALL CHAPTERS

European Council President Charles Michel joins Chamber online to look at business in China

Senior representatives of the European Chamber led by President Jörg Wuttke meet with European Council President Charles Michel.
Photo: European Chamber

On 13th November, senior representatives of the European Chamber led by President Jörg Wuttke met with European Council President Charles Michel. President Wuttke provided an overview of the key messages in the *European Business in China Position Paper 2020/2021,* as well as issues like the potential economic development paths of China under different reform scenarios, alongside existing and new issues such as COVID-19, state-owned enterprise reform and human rights. President Michel reiterated the European Union's (EU's) commitments to rebalance its relationship with China and ensure reciprocity. At the same time, he reiterated that Europe will strengthen its internal market and mitigate unfair practices while continuing to seek engagement in areas of common interest such as climate change.

14TH Dec.
BEIJING, SHANGHAI

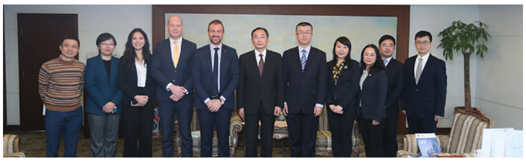
Working groups discuss plans for 2021 with National Healthcare Security Administration

The European Chamber's Pharmaceutical and Healthcare Equipment working groups attended a meeting organised by the NHSA on 14th December to discuss cooperation in the coming year. During the meeting, the Healthcare Equipment Working Group offered its support for further exchanges with the NHSA.
Photo: European Chamber

The European Chamber's Pharmaceutical and Healthcare Equipment working groups attended a meeting organised by the National Healthcare Security Administration (NHSA) on 14th December to discuss cooperation in the coming year. During the meeting, the Healthcare Equipment Working Group offered its support for further exchanges with the NHSA. The Pharmaceutical Working Group discussed the impact of the adjustment of the *National Drug Reimbursement List* and Diagnosis Related Groups on foreign pharmaceutical companies. Representatives made two recommendations in particular. First, they reiterated the need to find a balance between cost controls and industrial innovation and development, following the recent 93 per cent reduction in volume-based procurement prices of coronary stents. Second, the working groups recommended that the Unique Device Identification (UDI) System for medical devices in China align with the NHSA coding system, which would enhance efficiency and clarity for governments and business alike.

16TH Dec.
SHANGHAI

Shanghai Chapter advocates to Shanghai High People's Court vice president



Carlo D'Andrea, vice president (VP) of the European Chamber and chair of the Shanghai Board, led a delegation of members to meet with Mr Mao Ronghua, VP of the Shanghai High People's Court.
Photo: European Chamber

On 16th December, Carlo D'Andrea, vice president (VP) of the European Chamber and chair of the Shanghai Board, led a delegation of members to meet with Mr Mao Ronghua, VP of the Shanghai High People's Court. VP D'Andrea presented key recommendations from the *Shanghai Position Paper 2020*. Both parties went on to discuss the long-standing restrictions on foreign law firms' practices in China and the challenges of notarising documents at Chinese embassies and consulates in Europe due to the COVID-19 outbreak. VP Mao stated that the Shanghai High Court has been incorporating updated technology to assist court operations, including big data and blockchain solutions. He concluded by saying that he would look into the European Chamber's suggestions and continue the conversation between the two sides.

3RD Dec.
TIANJIN

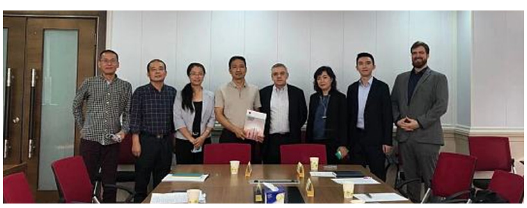
Tianjin Chapter provides feedback to vice mayor on city's 14th Five Year Plan

The European Chamber Tianjin Chapter hosted a meeting with the local municipal government to provide input for the 14th Five-year Plan of Tianjin. The Tianjin government delegation was led by Vice Mayor Jin Xiangjun. Chamber members raised concerns and provided recommendations regarding environmental and HR policies.
Photo: European Chamber

The European Chamber Tianjin Chapter hosted a meeting with the local municipal government to provide input for Tianjin's 14th Five-year Plan on 3rd December. The Tianjin government delegation was led by Vice Mayor Jin Xiangjun. Chamber representatives raised concerns and provided recommendations regarding environmental policies and human resources (HR) policies. Additionally, topics like the city's energy transition, regional renewable energy access and carbon neutrality were discussed, with the Tianjin government welcoming the strong motivation of European business to save energy and go carbon neutral. The European Chamber delegation also shared concerns about the sustainability of Tianjin's competitive position regarding municipal talent retention policies related to workers in the high-tech and research and development sector, as well as young skilled workers.

19TH Nov.
GUANGZHOU

South China Chapter highlights unfair medical equipment procurement measures in Guangdong



A South China Chapter delegation led by Chapter Board Vice Chair Klaus Zenkel met with the Guangdong Health Commission's Finance Department in order to discuss preferential treatment towards Chinese medical products in the province.
Photo: European Chamber

On 19th November, a South China Chapter delegation led by Chapter Board Vice Chair Klaus Zenkel met with the Guangdong Health Commission's Finance Department in order to discuss preferential treatment towards Chinese medical products in the province. The delegation noted that Guangdong Province's policies encouraging hospitals to buy domestic medical products over foreign medical products (the 'Buy China' policy) were being pursued at the expense of foreign competitors, including those that produce devices in China. European Chamber representatives argued that this policy goes against articles 9 and 16 of the Foreign Investment Law and that they expect to receive equal treatment in government procurement activities. The Guangdong Provincial Health Commission assured the delegation that this regulation expires at the end of 2020, at which time the Foreign Investment Law comes into effect on this issue.

Taking a Step Back

Re-conceptualising China's Corporate Social Credit System and why foreign companies need to learn to coexist with it

by Hailin Wang

Despite being intensely debated in both China and internationally, China's Corporate Social Credit System (CSCS) is here to stay. In fact, in late 2020, the State Council clarified that the implementation of the CSCS will be reinforced – together with various ongoing governance reforms, including Internet+ supervision. **Hailin Wang** of **Sinolytics** believes that this is not necessarily bad news for foreign companies: a fresh look at the CSCS helps to re-conceptualise its design and sheds light on why foreign companies should learn to co-exist with and benefit from the system.

China's economic reform started in 1978 with the gradual dismantling of the planned economy, which had heavily interfered in the allocation of market resources. The ensuing reforms, however, did not alter the primary role of administrative approvals in China's approach to market governance.

It was only in 2013 that China began a new set of ambitious regulatory reforms aimed at streamlining market governance, delegating power, improving governmental services and, by doing so, ultimately also improving China's business environment. Within the space of six years, these reforms achieved a remarkable reduction in administrative burdens: according to State Council data, China had cancelled about 40 per cent of its requirements for administrative approvals and one third of those for production permissions by the end of 2019.

As part of these reforms and to deal with the rapidly growing number of market entities—which doubled from 60 to 120 million in those six years—the data-based CSCS was introduced as a new governance tool in 2014.

40%

China had cancelled about 40 per cent of its requirements for administrative approvals and one third of those for production permissions between 2013 and the end of 2019.

120 million

The number of market entities doubled from 60 to 120 million between 2013 and the end of 2019.

CSCS

The data-based CSCS was introduced as a new governance tool in 2014.

The CSCS makes adjustments along the entire 'regulatory life cycle'

China's previous supervision paradigm focussed on *ex ante* supervision. This means the government maintains 'good market order' by deciding beforehand if an entity is qualified to conduct certain business activities. With the new CSCS-based market governance, *ex ante* supervision is substantially reduced. Entities can substitute certain filing documents with social credit-based 'promise letters' when applying for administrative approvals. Meanwhile, however, both interim and *ex post*—based on actual results—supervision are being strengthened.

Interim supervision relies on distinguishing between trustworthy and distrusted entities, and attaching varying levels of supervision and regulatory resources. To allow this distinction, China has been building an immense public credit database, which contains credit information about all entities in the Chinese market and is used to compute scale ratings and the comprehensive social credit score ('one score'). The customs rating is the scale rating most people are familiar with: a 'distrusted customs' entity (the worst rating result for customs) is burdened with invasively frequent examinations (with an examination rate of 84.76 per cent) from the Customs Authority, while the examination rate for advanced authorised economic operators (the best rating result) is reduced to only 0.57 per cent. For the comprehensive one score, an entity receives a single score based on its 'performance' across all applicable regulatory areas, with Zhejiang Province leading in implementation.

Second, for *ex post* supervision, the CSCS has created a new type of penalty: joint sanctions. Most ministries have set up corresponding blacklisting standards in their area of responsibility. Certain non-compliant behaviours in one administrative field, if reaching the severity of the pre-defined blacklisting threshold, trigger joint sanctions by a large number of 'peer ministries'. For example, non-compliance with taxation laws and regulations can lead to sanctions not only from the tax authority, but also from the Ministry of Finance, Customs, the National Development and Reform Commission (NDRC), among others, based on 'co-enforcement' Memorandum of Understandings (MoU) signed by 37 ministries.

CSCS implementation criticised by the NDRC – adjustments ongoing

Although China's CSCS is not fully operational yet, disputes within Chinese policy circles about the exact scope of collected public credit information as well as the legitimacy of joint sanctions are growing. Joint sanctions, which are regarded as quasi-administrative penalties, are only based on the mentioned MoUs, though these are not seen as of sufficient legal basis. Further, the NDRC has called out local governments for abusing the SCS through local-specific blacklists, with standards and joint sanctions not adequately based on laws, regulations or orders from the State Council.

Given these ongoing regulatory recalibrations and announcements, it can be expected that the CSCS will be shaped towards more legitimacy and transparency, and will be further homogenised and standardised as a regulatory tool. Besides, Chinese policymakers see the CSCS as a key element of the broader regulatory reforms launched in 2013 and appreciate its 'entity-tailored' ability to alleviate administrative burdens and provide benefits for (the most) compliant market participants. Against the backdrop of the CSCS' solidifying function within China's emerging new market governance system, foreign companies will need to learn to co-exist with and actively benefit from the CSCS.

Hailin Wang is an experienced consultant with Sinolytics focussing on industrial policy, and novel regulatory concepts and specific regulations. **Sinolytics** is a European research-based consultancy entirely focussed on China with offices in Berlin, Zurich and Beijing. The European Chamber collaborated with Sinolytics to produce a report on the CSCS, *The Digital Hand: How China's Corporate Social Credit System Conditions Market Actors*. Scan the QR code to download.

Get Prepared for Business after Brexit

UKCA conformity assessment requirements from 1st January 2021

by Ryan Mao

The United Kingdom (UK) formally left the European Union (EU) on 31st January 2020. A transition period until midnight Central European Time on 31st December 2020 was agreed to in order to allow companies time to adjust to new rules and regulations, including those related to conformity marking and assessment of products. Although both the UK and the EU have indicated a willingness to work together to achieve a negotiated agreement in relation to the regulatory regime after the transition period, plans were also implemented for the introduction of a UK Conformity Assessment (UKCA) Mark in the event that a deal was not reached. **Ryan Mao, director of Product Certification Services, Asia Pacific** of the **British Standards Institute (BSI)** provides information on how businesses can prepare for the UKCA marking.

What is the UKCA marking?

The UKCA is a new conformity marking for goods intended to be placed on the Great Britain (GB) (England, Wales and Scotland) market. The marking was introduced by the UK Government to replace the existing European CE mark. (If you are placing goods in Northern Ireland, please note the required marking outlined in the table.)

The relevant UK regulations have been amended to broadly replace references to the CE mark with references to the UKCA mark. The role of EU 'Notified Bodies' will be replaced with UK 'Approved Bodies'.

UKCA Mark - Great Britain

CE Mark - Europe

	Type of good	Accepted markings or combination of markings
Placing goods on the market in Great Britain	Manufactured goods being placed on the GB market until the end of 2021	UKCA or CE
	Manufactured goods placed on the GB market from 1st January 2022	UKCA
Placing qualifying Northern Ireland goods on the market in Great Britain (unfettered access)	Qualifying Northern Ireland goods being placed on the GB market under unfettered access	CE or CE and UKNI

Who is the UKCA marking for?

The relevant economic operator, whether manufacturer, importer or distributor, should be prepared to bear responsibility for providing proof that the good was placed on the market before 1st January 2021.

Businesses are encouraged to be ready for full implementation of the new UK regime as soon as possible after 1st January 2021. However, to allow businesses time to adjust, CE-marked goods that meet EU requirements (and match UK requirements) can continue to be placed on the GB market until 1st January 2022. This includes goods that have been assessed by an EU-recognised Notified Body.

Action should be taken to ensure compliance with new importer responsibilities if you are placing a product on the GB market from the EU market.

When to use the UKCA marking

You will need to use the new UKCA marking before 1st January 2022 if your product:

- is for the GB market;
- is covered by legislation which requires the UKCA marking;
- requires mandatory third-party conformity assessment; or
- was assessed by a UK conformity assessment body, and the assessment files have not been transferred to an EU-recognised body before 1st January 2021.

This does not apply to existing stock; for example, if your product was fully manufactured and ready to place on the market before 1st January 2021. In such cases, your product can still be sold in Great Britain with a CE marking even if covered by a certificate of conformity issued by a UK body.

How to use the UKCA marking

In most cases, you must apply the UKCA marking to the product itself or to the packaging. For some goods it may be placed on a manual or other supporting literature, depending on the specific regulations that apply to the product.

In general, the following rules apply:

- UKCA markings must only be placed on a product by you as the manufacturer or your authorised representative (where allowed for in the relevant legislation).

- When attaching the UKCA marking, you take full responsibility for your product's conformity with the requirements of the relevant legislation.
- You must only use the UKCA marking to show product conformity with the relevant UK legislation.
- You must not place any marking or sign that may misconstrue the meaning or form of the UKCA marking to third parties.
- You must not attach other markings on the product that affect the visibility, legibility or meaning of the UKCA marking.
- The UKCA marking should not be placed on products unless there is a specific requirement to do so in the legislation.

Summary: Things to consider and prepare for

1. The new conformity assessment requirements

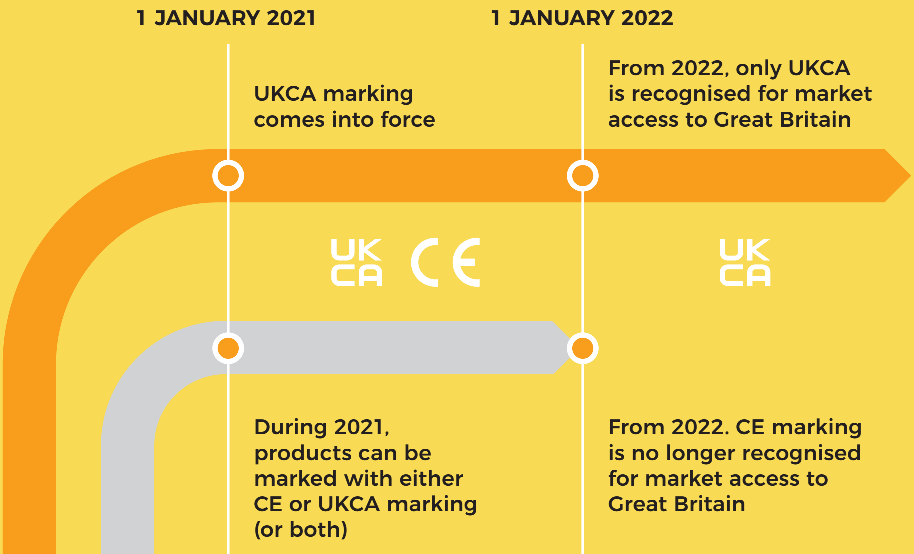
- The UK Government has confirmed that the UKCA marking comes into force from 1st January 2021. However, in most cases, to allow businesses time to adjust to the new requirements, existing CE markings can be used until 1st January 2022.
- After 1st January 2022, the UK will stop recognising the CE mark or conformity assessment activities performed by EU Notified Bodies.
- The new UK legislation requires product conformity assessment activities to be performed by an entity of an assessment body located in the UK.
- Likewise, the EU will not recognise conformity assessment activities performed by Notified Bodies in the UK for products placed on the market on or after 1st January 2021, or recognise the UKCA mark.
- EU directives require some assessment activities to be performed by entities located within the EU/European Economic Area.

2. Make contact with the conformity assessment bodies

On 1st January 2021, UK-based Notified Bodies will automatically become 'Appointed Bodies' under the UKCA legislation. Any UK Notified Body-issued certificates that have not been transferred to an EU Notified Body by that date will automatically become valid for illustrating conformity under the UK regulations to which they apply.

If you have any questions, your conformity assessment bodies will always be willing to help.

3. Timeline



Further reading

Guidance: Placing manufactured goods on the market in Great Britain from 1 January 2021, gov.uk

BSI was founded in 1901, and went on to become the world's first national standards body and a founding member of the International Standards Organization. BSI is now a globally-recognised expert in standards best practice, serving 84,000 clients in 193 countries in a number of sectors including aerospace, automotive, built environment, food, information and communications technology, and healthcare.

Shaping Europe's Cyber Future

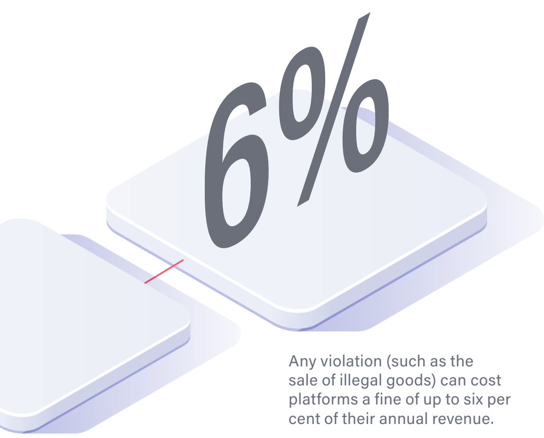
The game-changing Digital Services Act package

by Marcello Secone and Divya Hazra

After lengthy consultation and discussion, the European Commission has released two new legislative initiatives within the antitrust arena: the Digital Markets Act (DMA) and the Digital Services Act (DSA), collectively referred to as the 'DSA Package'. The package allows the European Commission to upgrade the rules governing digital services in the European Union (EU), in order to create a renewed market with European values at its centre. **Marcello Secone** and **Divya Hazra** of **D'Andrea & Partners**, examines how the DSA Package may allow the European Commission to not only guarantee the fundamental rights of all users in a safe digital space, but also to ensure competitiveness in the new digital economy, both in terms of the European Single Market and globally.

Up until the introduction of the DSA Package, European digital markets were regulated by the European Directive 2000/31/CE, the so-called e-Commerce Directive. Researchers believed that European digital markets had gradually lost their global centrality in the technology sector. This was evident from the fact that Europe was home to only three tech companies in the Fortune Global 500, compared to 12 from the United States (US), five from China, and six each from Taiwan and Japan.[1] Therefore, in order to strengthen the European digital markets, the European Commission recently introduced the DSA Package.

The legislation contained within the DSA Package is part of the EU's new digital strategy, themed 'Shaping Europe's Digital Future'. Together they represent a major legislative reform in the Internet field for the 21st century. The EU's competition chief, Margrethe Vestager, remarked that the DSA Package would ultimately serve a dual purpose: "To make sure that we, as users, have access to a wide choice of safe products and services online, and that businesses operating in Europe can freely and fairly compete online just as they do offline".[2]



Any violation (such as the sale of illegal goods) can cost platforms a fine of up to six per cent of their annual revenue.

Online user protection

The DSA lays down the responsibilities of users, public authorities and especially platforms. While big-technology firms such as Twitter and Google are already facing a number of investigations and fines under the existing General Data Protection Regulation (GDPR) rules, further pressure will be placed on their activities moving forward, which will mean better-policed usage of online data and ultimately the increased protection of users.

The DSA establishes that all online intermediaries offering their services in the European market, whether established in the EU or not, will have to comply with the new rules. The legislation will be binding on those who offer: intermediary services (like Internet access providers); hosting services; online platforms (such as social media); and very large online platforms (defined as those reaching more than 10 per cent of the 450 million consumers in Europe). It is important to note that the DSA will also affect all non-EU platform providers providing services to EU citizens. The greatest pressure will obviously be placed on large platforms. For instance, only very large platforms will face independent audits of their risk management systems.

The key legislation within the DSA relates to the countering of illegal content online, including the sale of illegal goods, human trafficking, terrorism, child abuse or content of a similar nature. The DSA also introduces new obligations on the traceability of business users within online market places, and the ability to challenge platforms' content moderation decisions.

Effectively, under the proposed regulations, service providers will have more responsibilities for monitoring the content on their platforms. Any violation (such as the sale of illegal goods) can cost platforms a fine of up to six per cent of their annual revenue (substantially more than the four per cent maximum fine under the present GDPR terms).

A healthy sense of competition

The DMA aims to ensure a more competitive and fairer online marketplace, thus allowing smaller platforms and small and medium-sized enterprises (SMEs) to emerge. The DMA is more specific on which parties it may apply to, expressly addressing the most relevant platforms, the so-called 'gatekeeper platforms'. This category includes platforms that have a significant impact on the internal market—with regard to their strong economic position—serve as an important gateway for businesses to reach their customers, and that enjoy—or will foreseeably enjoy—an entrenched and durable position within the EU market.

The DMA does not apply to all digital services, only those gatekeepers providing 'core platform services' such as online intermediation services, search engines, online social networking services or video-sharing platform services. Reasonably, the targeted recipients of the rules imposed by the DMA may include major players in the industry such as Google, Apple, YouTube, Amazon (which has invested euro (EUR) 55 billion in Europe since 2010[3]) and Alibaba. Similar to the DSA, the DMA will also apply to gatekeepers established outside the EU that provide services to European citizens.

As the digital economy became an integral part of all of our daily lives, huge power and influence has been vested in the hands of relatively few

[1] https://www.csis.org/analysis/digital–services–act–digital–markets–act–and–new–competition–tool

[2] https://www.cnbc.com/2020/12/15/digital–markets–act–eus–new–rules–on–big–tech.html

[3] Meredith Broadbent, *The Digital Services Act, the Digital Markets Act and the New Competition Tool*, Center for Strategic International Studies, November 2020.

major online players. Therefore, increased observation and transparency is required. For this reason, penalties for violations of the rules include fines of up to 10 per cent of a company's annual income.

Under the DMA regulations, gatekeepers will be prohibited from using unfair practices towards business users and customers. Several obligations will be binding; for example, allowing third parties to inter-operate with the gatekeeper's own services; allowing business users to access the data they generate; transparency to advertisers using their platform; prohibiting non-discriminatory behaviour with regard to prioritising their own products over those of third parties on their own platforms, among others. Pursuant to DMA regulations, big tech firms must allow users to uninstall apps that come pre-installed on their devices, eliminating the self-preferential system and thereby giving SMEs the opportunity to compete.

Under the DMA regulations, in order to ensure that gatekeepers comply with the new rules, the European Commission will carry out market investigations, and have the ability to classify companies as gatekeepers and update gatekeepers' obligations, as well as to design remedies to tackle systematic infringements of the DMA rules.

Although the DMA establishes many strong innovative regulations to prevent anti-competitive practices such as the power of the European Commission to act against gatekeepers by adopting 'structural remedies' against any repeated monopolistic behaviour, there are some worrying elements to take into account: for instance, the DMA prohibits EU Member States from passing their own laws or regulations on gatekeeper platforms that go beyond the Act.

Concluding thoughts

The DSA Package seems to signal further provisions for consumers that promote safe products and services as well as a fairer marketplace for business operators at this stage of their development.

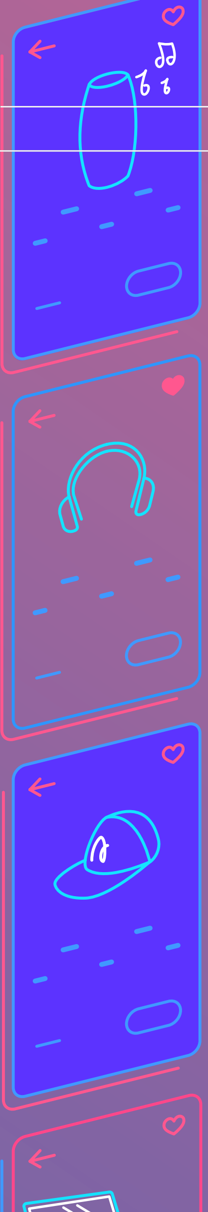
Initial responses from the technology industry have been neutral and mooted, signalling a sense of cooperation with an unnerving level of caution as to the increased level of scrutiny and obligations placed on their shoulders (especially in terms of the 'gatekeepers'). Google, for example, has remarked that: "Online tools are helping Europeans find new jobs and grow their businesses. We support a Digital Services and Markets Act that creates the right conditions for recovery and growth as people ask for more, not less, from technology."[4]

Any resistance moving forward will soon become evident, when the European Parliament and member states discuss the Commission's proposal; once adopted, the new rules will be directly applicable across the EU.

The new European Digital Strategy seems to project a future where user rights are digitally protected. The provision of significant fines, together with a broad scope of control in the hands of institutional bodies, seems to represent a necessary compromise in order to regulate the market, favouring competitiveness and economic freedom. Eb

D'Andrea & Partners is an international law firm and point of reference for companies that want to enter the global market and be successful. Established by Carlo Diego D'Andrea, attorney-at-law and pioneer in Italian and European law in China, today the firm is made up of professionals from various countries around the world. Besides the main operational headquarters in Shanghai, D'Andrea & Partners has a number of branches in China and outside the country in Italy, India, Vietnam and Russia. The firm's clients include large industrial groups, plus medium-sized Italian, European, Chinese and global enterprises.

[4] https://www.euractiv.com/section/digital/news/digital-brief-powered-by-google-dsa-and-dma-member-states-respond/



Registering on China's Cross-border E-commerce Platforms

A general guide for businesses on how to get set up on WeChat, Taobao, TMall or JD.com

by Alessio Casablanca

2020 has seen a boom in e-commerce in China; in no small part due to new policies and regulations that expanded the reach of the country's Cross-border E-commerce Pilot programme to 105 cities and regions.

International businesses focussing on market development can now introduce their products and services to Chinese consumers without having to establish a regional headquarters, as they can rely on e-commerce platforms instead. Alternatively, the e-commerce strategy is a solution for businesses to maintain sales in China by supplying products and services with reduced or limited structures. **Alessio Casablanca** of **LehmanBrown** provides guidance for businesses on register with China's top cross-border e-commerce platforms.

Businesses in the retail sector that meet the criteria and become part of the E-Commerce Pilot can benefit from reductions in value-added tax (VAT), consumption tax and enterprise income tax. Furthermore, China is proactively pushing to expand consumption and provide access to developing new regions.

Before entering China's e-commerce sector

China's market and culture are very complex and demand a coherent strategy. The leading causes of failure for businesses attempting to enter China is lack of market research or planning, over-expectations and short-term thinking, leading to multiple small blunders and lack of oversight in their e-commerce strategy.

When entering China, businesses must carry out thorough due diligence, identify trustworthy trade agents and find the best way into the market while simultaneously protecting against unforeseen risks. The first step is to register all trademarks and review intellectual property (IP) from a filing and protection perspective, as China administers a first-to-file IP system. Even if a business initially aims to introduce a single product or service, it should register all its brands and products to avoid trademark squatting in future. Thereafter, businesses can develop a pragmatic e-commerce strategy for each product or service they intend to introduce into China, which should cover their competition, repatriation of revenues, Chinese content guidelines and logistical matters.

E-commerce platforms in China

Businesses must analyse each e-commerce platform to evaluate the best fit for their specific brand or product. Whichever e-commerce platform they choose, sustained promotion of their brands will be necessary given the heavy competition.

WeChat

WeChat is a jack-of-all-trades application where users can chat, call, publish articles, share photos, purchase goods, pay bills and more. Several international businesses have official WeChat accounts and sell products via the app.

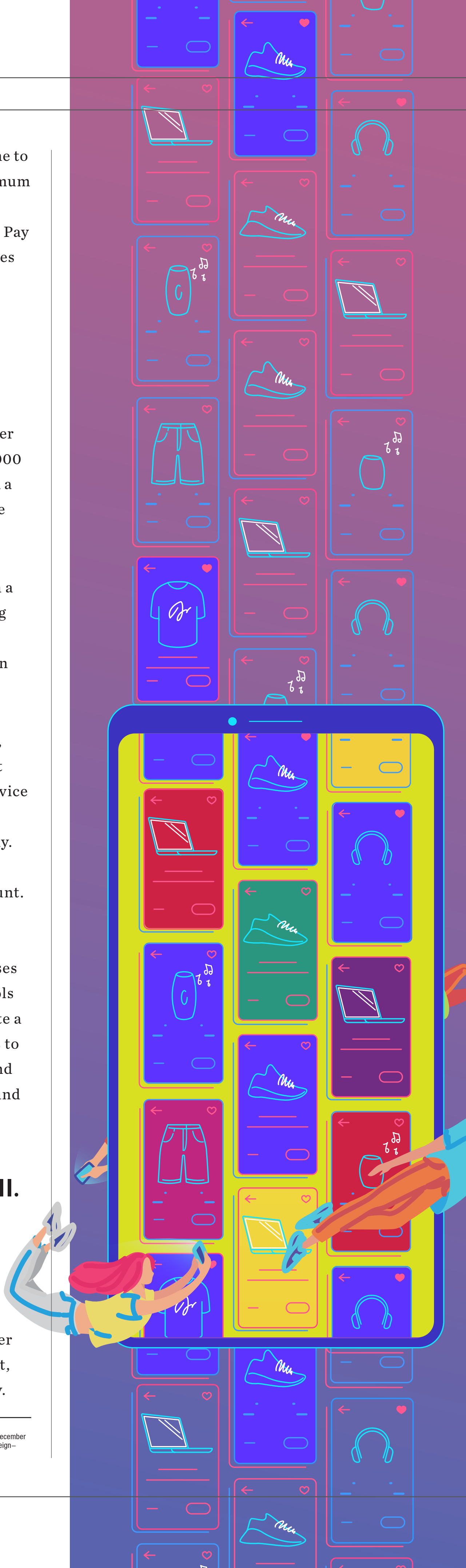
WeChat transactions are quick Chinese yuan (CNY) payments sent to an in-app account balance, from which profits can be transferred to a bank account. Businesses should register for a WeChat Pay account and connect it to their official bank account. They can choose the currency they want to exchange every month, and Tencent takes a one to two per cent commission for a minimum withdrawal of United States dollars (USD) 800. Registration for WeChat Pay takes two to four months and requires a business licence, financial licence, anti-money-laundering agreement and certain company information. A trade agent will drastically reduce the time involved as they can set up a WeChat Pay account in one to two weeks. However, this option has lower cash-out amounts of zero to USD 5,000 and better refund capability (within a month), while incurring two to three per cent commission fees.[1]

Opening an account on WeChat via a trusted trade agent entails creating a trademark and payment of fees agreement with the agent, who then opens and maintains the account.

To register an account individually, one must: visit the WeChat Account Platform; fill in the forms for a 'Service Account'; pay the annual fee of USD 99; and register for WeChat Pay. There are two types of accounts: a local account and an overseas account. One can open an 'overseas account' with a foreign business licence and credentials; however, such businesses will lack many of the promotion tools available in local accounts. To create a local account for the brand, one has to set up a business entity in China, and submit a Chinese business licence and trademark registration.

JD, Taobao and Tmall. How do they differ from one another?

Taobao and Tmall are part of the Alibaba ecosystem. Together, the platforms make up more than 65 per cent of China's e-commerce market, with Tmall expanding aggressively.



[1] Coco Gao, *How to Setup WeChat Pay for Foreign Businesses*, *The Egg*, viewed 15th December 2020, https://www.theegg.com/social/china/how-to-setup-wechat-pay-for-foreign-businesses/

Taobao is an online market where almost any kind of product can be found, usually available in a range of qualities and prices; the platform focusses increasingly on handmade crafts and bargains. Most brands are registered on Taobao but face competition from comparable products readily available for a fraction of the price.

Tmall is brand-friendly; most products on this platform are quality-based and offer Chinese consumers well-known international and local brands.

JD—JingDong—is a subsidiary of Tencent and an alternative for businesses that prefer a less hands-on approach for promoting their brand to focus on higher sales volume. Businesses upload the product details to the platform and then ship the products in bulk to JD, which delivers on their behalf. While Tmall and JD offer similar services, JD has grown as a locus to purchase electrical appliances and high-tech products.

Given the increased range of services offered by cross-border e-commerce platforms, it is advisable to contact several to see if they provide preferential deals.

Registering on TMall Global and JD Worldwide

TMall Global or JD Worldwide accounts offer access to the Chinese market without the obstacles of setting up a business in China and warehousing. Requirements are a business licence, the business owner's details, a USD bank account and international trademark registration information.[2]

A security deposit and an annual fee for maintaining the accounts may be required. Tmall deposits cost USD 25,000 and JD costs USD 15,000, while the annual fee depends on the products; on average, these fees tend to range between USD 1,000 and 10,000.[3]

These accounts are advantageous for introducing products to China while gauging consumer reaction. However, control over online promotion, logistics and customer service are minimal.

Registering via trade agent

To access the Chinese market remotely, businesses need to work with a local trade agent or partner. Trade agents don't necessarily need to be involved in the e-commerce sector, but they do need to be selected carefully; a thorough background check should be conducted to avoid risk. Once a trade agent is chosen, they will need to be authorised to act as the overseas business's agent responsible for marketing its product(s) in China. Other agreements will also be required for the declaration of entry of goods, warehousing, e-commerce platform services, delivering parcels, taxation and other regulations specific to the region, city and local government relevant to the agent's location and business activities.

Typically, the documentation needed include an agency agreement, agent's customs declaration registration certificate of import and export, agreement with the Chinese e-commerce platform, internet content provider (ICP) licence of the affiliated platform and goods information as required by the local government.

The process usually takes between two to six months; however, the time differs significantly by region and city. Working with a trade agent can greatly improve the success of a product's entry to the Chinese market. It can also give the business more control over promotions and options to offer limited customer services.

Registering a business in China

Businesses that want to maintain complete control over their brand and product(s) in China need to establish an entity in the country, allowing for better customer service and disintermediation from trade agents, thereby generating larger returns.

Once established, the business can register with Taobao, TMall or JD using Chinese documentation and bank account details. Business registration in China takes less than two months and offers access to promotional tools that are available solely to China-based businesses.[4&5]

Alessio Casablanca is marketing specialist at LehmanBrown International Accountants, with a BSc in Multimedia Technology and Design from Kent University and currently enrolled in a MSc in Strategic Marketing at Imperial College London. At LehmanBrown, Alessio researches and analyses the Chinese market to better inform companies intending or already doing business with China.

[2] *How to Sell on Tmall Global – The Leading Chinese Cross–Border E–Commerce Platform,* Marketing to China, 16th July 2019, viewed 15th December 2020, <https://www.marketingtochina.com/complete–guide–to–tmall–global–the–leading–chinese–cross–border–e–commerce–platform/#:~:text=Tmall%20Global%20is%20a%20dominant,from%2077%20countries%20and%20regions>

[3] Full Guide to Selling On JD – JD Worldwide (Cross Border E–Commerce), Marketing to China, 3rd January 2020, <https://www.marketingtochina.com/full–guide–to–selling–on–jd–jd–worldwide–cross–border–e–commerce/>

[4] https://www.latmultilingual.com/things–you–need–to–know–before–opening–a–store–on–tmall–global/

[5] Tmall Global Required Materials, <https://img.alicdn.com/tps/i4/T1evR0FA8bXXcaspvH–1417–1196.jpghttps:/img.alicdn.com/tps/i4/T1evR0FA8bXXcaspvH–1417–1196.jpg>

Tales of Woes and Bliss

The European Chamber China Outlook Conference 2020

by Benedetta Borri

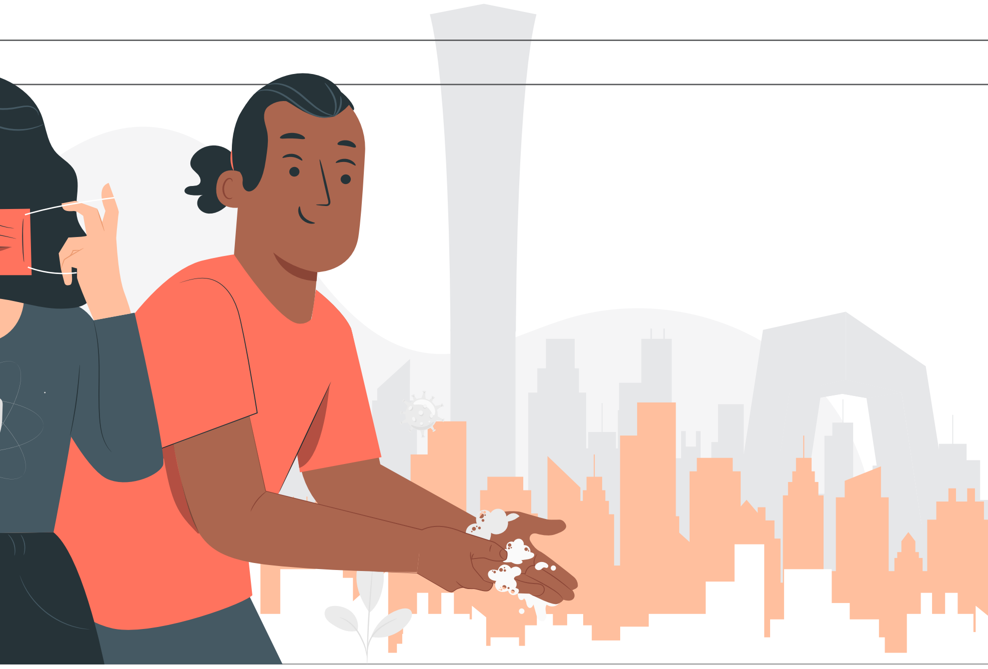
2020 has been a rough year, one defined by a global pandemic and the accompanying challenges to public health and the world economy that have dramatically affected the pace of change across geographies and sectors. Heading into 2021, with the long-term ramifications of COVID-19 still unknown, the European Chamber's annual China Outlook Conference: Tales of Woes and Bliss looked ahead to what the future holds for markets. **Benedetta Borri**, **working group coordinator** at the **Chamber's Shanghai Chapter**, tells us more.

Hosted in Shanghai on 11th December, the conference assessed the outlook for the Chinese economy as China pulls ahead on the path to post-COVID-19 recovery. Two panels of distinguished guests from the world of business and academia delved into the trends accelerated by the pandemic and the disruptions it brought to traditional industry.

Decoupling scenarios—whereby China and the United States, and increasingly the EU, prioritise inward-looking policies in the interest of national security and self-reliance—took centre-stage in the discussions. Panellists in the first round concurred that while Beijing's efforts to contain the outbreak and restart the economy have so far proven successful, a growing separation between China and the international community risks not only hindering recovery, but also prolonging a much-needed return to multilateralism to tackle global threats, such as climate change. These geopolitical tensions, the power re-orientation they may induce and the current elevated volatility levels all bear on foreign companies in China, many of which in 2020 had to rethink entire portfolios and reorganise supply chains to stay afloat through the crisis.

This first discussion was themed '14th Five-year Plan – Plans and Promises'. The two panellists reviewed the development priorities and long-term strategic goals China's top policymakers had deliberated on at the Fifth Plenary Session of the 19th Communist Party of China Central Committee in late October 2020. Specifically, the discussion examined the Dual Circulation Strategy (DCS) underpinning Beijing's push for self-reliance and secure supply chains. It was proposed that, while the DCS aims to make China less dependent on export-orientated development models, it does not prescribe a turn away from the international market. Rather, the strategy seeks to reduce China's vulnerabilities (particularly in technology, semiconductors and new materials) and to increase its global economic might by boosting domestic demand.

The discussion further underscored that a critical factor in Beijing's ability to realise its development priorities in the context of dual circulation is an energy policy that pledges that China will reach carbon neutrality by 2060. Here, a note of caution was struck about hidden forced technology transfers that may be required in exchange for access to onshore opportunities in clean power generation, carbon capture storage, and residential building insulation. Panellists urged leading European manufacturers to monitor how Chinese policymakers follow through on the practical decarbonisation of energy-intensive sectors. As for credit ratings and merger and acquisition transactions in a post-COVID business environment, experts advised investors to look beyond the creditworthiness of state-owned enterprises to scrutinise the standing of the local government behind them.



Two panels of distinguished guests from the world of business and academia delved into the trends accelerated by the pandemic and the disruptions it brought to traditional industry.
Photo: European Chamber

The second panel discussion, 'Geopolitical Tensions, The Stability Instability Paradox', explored the various strategies industry is adopting to respond to market changes and manage risk in an ever more unstable environment. Noting that no one-size-fits-all approach can address the diverse set of challenges companies face on the ground, panellists observed that COVID-19 has accelerated pre-pandemic trends demanding different geographies to operate independently of Mainland China headquarters (HQ). As a result, they recommended that entrepreneurs, foreign corporate, private equity and venture capital firms set up co-HQ operations in the ASEAN region (a second offshore hub in Singapore). This flexible, pan-Asian approach to risk management enables businesses with substantial presence in China to de-politicise their commercial moves as they enter markets such as Europe, North America and India.

On foreign direct investment (FDI) flows, panellists discussed how inbound investment is running ahead in spite of heightened geopolitical tensions. They attributed this seeming contradiction to a government-to-government and business-to-business dynamic playing out in parallel: while skirmishes dominate the headlines in diplomatic spheres, business continues as usual across mature commercial channels. And with trade growing despite geopolitical frictions, the global economy is unlikely to split into opposing blocs reminiscent of the Cold War era. Panellists pointed to cross-border innovation as a compelling example of just how interconnected supply chains have grown to be. They opined that the extent of decoupling (whether it stretches back to the level of intellectual property or invention, or affects industry standards or product regulation) constitutes a better indicator of where strategic competition among the world's largest economies is headed.

Perhaps the key takeaway from the European Chamber's 2021 China Outlook Conference is that, despite all the unprecedented challenges COVID-19 has brought, the year ahead presents an opportunity to turn hard-won lessons from the pandemic into better business resilience and adaptability to any given context. Companies with the acumen to see the possibilities even in a seemingly China-centric strategy like DCS may well be positioned to identify a COVID-exit road, future shocks notwithstanding.

Media Watch

Vice President D'Andrea gives exclusive interview to CGTN on Shanghai Position Paper

The European Chamber Shanghai Chapter launched its fourth *Shanghai Position Paper* on 2nd November. In an exclusive one-on-one interview with *CGTN* after the press conference, Vice President (VP) Carlo D'Andrea said that the Chamber expects more practical reform measures from the local government to attract more investment. "It is important that we see the continuing development of the legal framework so as to lower market access barriers," VP D'Andrea said. "It is important in this uncertainty due to the COVID-19 to have better transparency in the rules and regulations. Especially on the predictability of these rules and regulations, it cannot change from one day to another."

VP D'Andrea gives exclusive interview to *CGTN* on *Shanghai Position Paper*
Media: *CGTN*
Date: 2nd November 2020

President Wuttke analyses pandemic impact live on Bloomberg Daybreak: Asia

On 20th November, President Jörg Wuttke joined a live interview with *Bloomberg's* flagship morning programme *Daybreak: Asia,* to discuss the impact of COVID-19 on European business in China. President Wuttke explained that some European businesses are now relying more on the China market to be profitable since the local economy started to rebound in May. He also shared the Chamber's stance on China's travel restrictions, actual progress that the Chinese Government has made on the opening-up agenda, and the expectation of a meaningful conclusion of the investment treaty between the European Union (EU) and China by the end of the year.

President Wuttke analyses pandemic impact live on *Bloomberg Daybreak: Asia*
Media: *Bloomberg*
Date: 20th November 2020

EuCham: finding new opportunities in China's digitalisation

Original Newsgd.com GDToday 2020-11-28

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In November 25th, the European Union Chamber of Commerce(EuCham) in China celebrated its 20th Anniversary in Shenzhen. Founded in 2000, the EuCham is a product of globalization and witnesses great achievements of all-round opening up in China.

President Wuttke and South China Chair and Chamber VP George Lau were both interviewed by local media
Media: ***NewsGD***
Date: 28th November 2020

人民网 people.cn 人民网 >> 国际

胡春华出席中国欧盟商会成立20周年庆祝晚宴

2020年12月03日05:32 来源：人民网－人民日报 分享到：

新华社北京12月2日电 （记者伍岳）中国欧盟商会成立20周年庆祝晚宴2日在北京举行，国务院副总理胡春华出席并致辞。

胡春华表示，今年以来，习近平主席同欧盟领导人两次视频会晤，同多位欧盟成员国领导人互致函电、通话或视频会见，为下阶段中欧关系规划了前进方向、确定了重点领域。中方愿与欧方一道，认真落实好双方领导人重要共识，积极推进中欧投资协定谈判，不断拓展合作广度和深度，为中欧全面战略伙伴关系发展注入新的动力。希望双方企业充分发挥互补优势，大力推进绿色产业、数字经济、农业、中小企业等领域合作，实现更大互利共赢。中国欧盟商会是中欧合作重要参与者和推动者，希望继续发挥桥梁纽带作用，为中欧企业加强交流沟通、深化互利合作做出更大贡献。

热点推荐

习近平眼中的"强美富"

习近平心中的人民城市

志愿服务，习近平总书记这

燕山怀中这泓水 总书记一直

特殊之年 感受习近平的"三

视频新闻

Vice Premier Hu Chunhua's remarks at Chamber's 20th Anniversary Gala reported by state media
Media: ***People's Daily***
Date: 3rd December 2020

Shenzhen media cover anniversary celebration, interview President Wuttke and VP Lau

At the Chamber's 20th anniversary celebration event in Shenzhen on 25th November, both President Wuttke and South China Chair and Chamber VP George Lau were interviewed by local media. They shared their expectations for a more open market: "We'd like to see strong market opening in China, and we know that China has demands for Europe as well," President Wuttke said. When asked about European businesses' expectations on the region's future development, VP Lau said foreign companies in South China want to know more about the Greater Bay Area concept and its detailed implementation plans. "If the area can be perfectly organised and coordinated in South China, it will unlock synergies and attract more talent to the region", VP Lau said.

Vice Premier Hu Chunhua's remarks at Chamber's 20th Anniversary Gala reported by official state media

State media (*Xinhua* and *CCTV*) covered Vice Premier (VP) Hu's remarks at the Chamber's 20th anniversary gala on 3rd December in Beijing. "China is willing to work with the EU to implement the consensus reached by the leaders of the two sides, and actively push forward negotiations on the China-EU investment agreement", said VP Hu. He also expressed hope that the European Chamber would continue to play its role as a bridge between the EU and China and make further contributions to strengthening exchanges and "win-win cooperation" between Chinese and European businesses.

Events Gallery

20th Anniversary Celebrations

TIANJIN, 25TH SEPTEMBER 2020

SHENYANG, 12TH OCTOBER 2020

NANJING, 14TH OCTOBER 2020

SOUTHWEST CHINA, 29TH OCTOBER 2020

SOUTH CHINA, 24TH NOVEMBER 2020

BEIJING, 2ND DECEMBER 2020

SHANGHAI, 10TH DECEMBER 2020

2020 Shanghai Appreciation Dinner: 20th Anniversary Celebration

- As the biggest economic centre and window for reform and opening up in China, Shanghai attaches great importance to foreign investment.
- President Jörg Wuttke said the Chamber is a "child" of the opening up era and ascension to the World Trade Organization.
- According to Ambassador Chapuis, the EU does not speak the language of decoupling, but instead believes in a positive language for economic recovery and growth together – with China and not against China.

BEIJING, 3RD DECEMBER 2020

Webinar: Understand and Better Engage with Media in China

- Try to get company executives involved in major publicity events to put a human face on a brand.
- Do not hesitate to reach out to media personnel before events to build rapport and maintain contact.
- Small announcements may not be immediately picked up by media but could provide crucial context for a news story.

CHONGQING, 19TH NOVEMBER 2020

Welcome Cocktail Party for New Consul General of Italy in Chongqing

- Italy and Chongqing have worked to promote relations in many areas, such as economy, industry and cultural exchanges.
- Mr Bilancini made a commitment to devote his tenure to the China-Italy cultural exchange and commercial intercourse.
- 2020 marks the 50th anniversary of the establishment of China-Italy diplomatic relations.

Advisory Council News

Fincantieri amongst leaders of the fight against climate change

Trieste, 9th December 2020 - Major independent non-profit organisation for environmental reporting Carbon Disclosure Project (CDP), previously known as the Carbon Closure Project, scored Fincantieri 'A-' for its activities over the past year, moving the company up from its 2019 'B' score. This puts the Group in the highest-merit range (in a scale from a minimum of 'D' to a maximum of 'A'), thus confirming its leadership position within the fight against climate change.

The CDP gathers and thoroughly processes data voluntarily submitted by listed companies, assessing both their performances and strategies. The CDP ranking is therefore a globally-acknowledged competitive advantage. It is a useful tool to get ahead of regulatory and policy changes, identify and tackle growing risks, and find new opportunities for action. Over 500 major investors, with overall assets exceeding United States dollars (USD) 100 billion, have already requested companies to inform the market about their sustainability stance through the CDP.

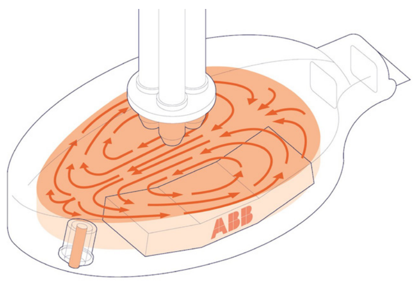
Merck to acquire OncoImmune

23rd November 2020 - Merck and OncoImmune, a privately-held, clinical-stage biopharmaceutical company, today announced that they have entered into a definitive agreement pursuant to which Merck, through a subsidiary, will acquire all outstanding shares of OncoImmune for an upfront payment of USD 425 million in cash. In addition, OncoImmune shareholders will be eligible to receive sales-based payments and payments contingent on the successful achievement of certain regulatory milestones. OncoImmune recently announced positive top-line findings from an interim efficacy analysis of a Phase 3 study evaluating its lead therapeutic candidate CD24Fc for treating inflammation in patients with severe and critical cases of COVID-19.

Sanofi renews partnership with the WHO to fight neglected tropical diseases and eliminate sleeping sickness before 2030

Paris, 15th December 2020 - Sanofi has renewed its partnership agreement with the World Health Organization (WHO), consolidating a 20-year collaboration to fight some of the most neglected tropical diseases (NTDs) and supporting the WHO in its commitment to sustainably eliminate sleeping sickness before 2030. With this new five-year commitment, Sanofi will provide financial support of USD 25 million (USD 5 million/year) dedicated to disease management, including screening of populations, disease awareness campaigns, capacity building and drug donation. This sustainable commitment will be key to successfully eliminating NTDs.

ABB ArcSave technology set to increase efficiency for major Chinese steel manufacturer



A diagram of an electromagnetic stirrer.
Photo: new.abb.com

Zurich, Switzerland, 16th December 2020 - ABB has been chosen to supply its patented ArcSave electromagnetic stirrers as part of a substantial refit at leading Chinese iron and steel producer Guangdong Nanfang Donghai's steelmaking plant in Guangdong Province.

ArcSave will be delivered as part of the contract between Tenova, a company specialising in innovative solutions for the metals and mining industries, and Guangdong Nanfang Donghai, within Tenova's Consteerrer, which consists of Consteel electric arc furnaces (EAF) and ABB ArcSave electromagnetic stirrers. Commissioning is planned for October 2021.

By not physically contacting the bottom of the EAF, ArcSave improves the process for melting large scrap items, reducing stratification via forced convection and eliminating 'dead zones' in the melt. This improves furnace operation by helping to maintain an even temperature and homogenising chemical composition, while accelerating scrap and ferroalloy melting. ArcSave also helps reduce environmental impact by lowering electricity usage and process additions such as alloys and lime, and consumables such as electrodes.

Societe Generale: Launch of a unique savings solutions offer by strengthening the partnership set-up

3rd December 2020 - Starting in the first quarter of 2021, Societe Generale will become the first and only major bank in France to operate in open architecture for all clients of its two retail banking networks.

The bank is announcing new partnerships with leading asset managers in France and internationally in order to offer all its retail banking clients a new and broader range of investment solutions that aims to combine financial performance with social and environmental impact. To better meet the expectations of its clients—for whom savings are a cornerstone of the banking relationship—the bank has made an unprecedented choice in the French market to combine the expertise of the very best asset management companies and so create a diversified and innovative offering. These partnerships are the next step in an initiative launched in August when the bank signed a new agreement with Amundi, which will remain Societe Generale group's primary partner.

Amundi, BlackRock, DNCA, La Financière de l'Echiquier, Mirova and Primonial REIM will be providing savings and investment solutions to the Societe Generale retail banking network in an open architecture system. Lyxor will complete this selection with a 'climate transition' exchange-traded fund. As part of its new offering, Societe Generale will also be the first retail bank to provide a fully Socially Responsible Investment- (SRI-) labelled mid-range offering and environmental solutions entirely in open architecture.

BASF announces new MRO station in Shanghai for Deoxo aircraft ozone and ozone/VOC converters

A typical aircraft ozone converter
Photo: basf.com

16th December 2020 - BASF announced plans to build a maintenance, repair and overhaul (MRO) station in Shanghai to service Deoxo aircraft ozone and ozone/volatile organic compounds (VOC) converters. The Shanghai MRO will complement BASF's existing MRO in Huntsville, Alabama in the US. Startup is planned for the fourth quarter of 2021 and will mainly support customers in the Asia Pacific region. The MRO station will ensure maintenance is performed according to the Abbreviated Component Maintenance Manuals (ACMMs) for the Deoxo ozone converters and ozone/VOC converters. The updated ACMMs define in more detail the test procedures and service methods for maintaining the converters, to ensure continued industry-leading performance and regulatory compliance.

During flight, airplanes at high altitudes are exposed to significant levels of ambient ozone. If unabated, the ambient ozone enters the aircraft cabin through the air-conditioning ducts. Prolonged exposure to ozone at concentrations typical of these altitudes is known to cause people adverse health effects including headaches, fatigue, shortness of breath, chest pains, coughing, and irritation of the eyes, nose or throat.

Meanwhile, during ground and taxiing operations, odorous VOCs can enter the aircraft cabin through the bleed air system. These VOCs may include exhaust fumes, while engine oil and hydraulic fluids may also leak into the bleed air system. These odorous VOCs may result in crew and passenger discomfort or even alarm, precipitating aircraft diversions and delays.

BASF's Deoxo ozone/VOC dual function converters remove ozone and certain odorous VOCs to deliver better quality cabin air. The converters are available for factory installation on new airplanes or as a field retrofit for airplanes already in service.

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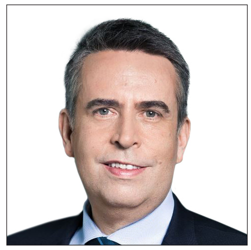

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每个人都应该被平等公正的对待！

每个人都是可以改变的，并且自身有促进改变的能力！

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