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COMMON PROSPERITY



RESTRICTIONS ON MEDICAL EXPORTS EASED WHEN COVID-19 HIT EUROPE

Since March 2020, Europe has been struggling to contain COVID-19, with some countries seeing multiple waves of outbreaks, causing the demand for medical supplies to soar. To ensure the quality of medical exports, on 31st March 2020, relevant authorities jointly issued the 2020 No. 5 Announcement on Orderly Export of Medical Materials requiring export products to acquire a registration certification in China, which blocked some of the Chamber's members companies that manufacture medical devices from exporting much-needed supplies overseas. The European Chamber's Healthcare Equipment (HCE) Working Group (WG) immediately raised this issue to Chinese and European officials, and proposed suggestions.

On 25th April 2020, Chinese authorities issued an announcement removing the requirement for such registration certification. By solving this problem in a very short period of time, the HCE WG made a significant contribution to the global fights against the pandemic.

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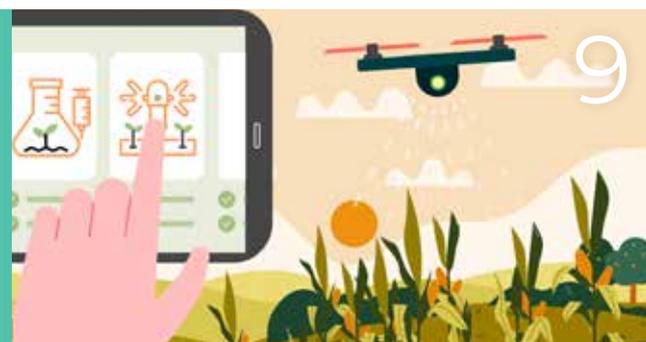
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President's Foreword

Common prosperity, a buzzword for 2022

China's impressive recovery from the COVID-19 pandemic has led to European companies operating in China forecasting a positive near-term financial outlook. However, while the start of a new year brings with it hopes for continued improvement, we should not be naïve as we enter 2022. In recent months, I have dedicated a significant part of my messaging to the fact that China's long-term growth trajectory and future development path is by no means certain.

The uncertainty that hangs over China's future is epitomised by the latest buzzword, 'common prosperity'. At its core, common prosperity is cited as a concept that will see reforms being enacted to address inequality in China. While Beijing asserts this will entail creating an 'olive-shaped social structure'—where the bulk of society is composed of the middle class—it remains unclear how this will be achieved in practice.¹

For European businesses, question marks remain over which sectors may be impacted by 'common prosperity measures'. From crackdowns on private tutoring and online gaming, to eye-wateringly large, public donations made by Tencent and Alibaba, a broad range of seemingly unrelated events have been conflated and given as possible examples of, or responses to, common prosperity.²

Related policies that have been introduced so far—mostly local initiatives that lack specific measures—have done little to shed any light on this issue. One need look no further than the Zhejiang Common Prosperity Demonstration Zone, which proposes the introduction of modest social targets and offers little new in terms of broader welfare reforms, for an example.³ This type of campaign-style, slogan-driven approach to policy has been seen many times before, and rather than assure foreign investors, it tends to fuel further uncertainty. This is surely at odds with Beijing's aims. European companies require a business environment that is transparent and predictable in order to make long-term investment plans.

To promote prosperity and raise living standards across the board, consistent and strong policies are needed. As detailed in the Chamber's *European Business in China Position Paper 2021/2022*, World Bank projections illustrate that should China embark on a path of comprehensive reforms, then its gross domestic product per capita could be 65 per cent higher by 2050 than if it only implements limited reforms. The best approach to developing an 'olive-shaped society' therefore clearly is not to impede business, but to facilitate it.

As China seeks to reduce structural inequalities, European businesses—many of which are world leaders in areas such as developing pension markets, healthcare, and environmental, social and (corporate) governance—have much insight to offer. They have accumulated experience working with policymakers in their home markets to overcome similar demographic and social challenges. The European Chamber and its member companies remain ready to engage in constructive dialogue at all levels to help China achieve common prosperity for all. 



Jörg Wuttke

President

European Union Chamber of
Commerce in China

¹ Why I'm investing only 20% of my portfolio in China, The Woke Salaryman, 19th November 2021, viewed 13th December 2021, <<https://thewokesalaryman.com/2021/11/19/why-im-investing-only-20-of-my-portfolio-in-china/>>

² Alves, Joice, China wealth plans threaten European luxury stocks' post-COVID boom, Reuters, 20th September 2021, viewed 7th December 2021, <<https://www.reuters.com/business/china-wealth-plans-threaten-european-luxury-stocks-post-covid-boom-2021-09-20/>>

³ Weller, Torsten, What Does 'Common Prosperity' Actually Mean?, China-Britain Business Focus, 20th October 2021, viewed 7th December 2021, <<https://focus.cbcc.org/what-does-common-prosperity-actually-mean/?nooprocket=14Y8tY5FBwZx>>

DEVELOPING UNINDUSTRIALISED REGIONS

Can China's peri-urban areas reverse recession and transform?
by **Dereck Ji** and **Brian Yu**

As China's population has become increasingly urbanised, it is common for rural areas to find their younger populations being depleted and that they are being overlooked by most of the industries that are driving the economy forward. This is a scenario played out in unindustrialised regions across the world. The current preferred strategies for economic growth, with a heavy focus on technology and manufacturing, often do not address the challenges facing regional populations. **Dereck Ji** and **Brian Yu** of **EY-Parthenon** describe how an 'aesthetic economy'—one that taps into the artisanal and cultural advantages of a region or locality—can offer alternatives for rural development.



After years of reform, China's national economic and social development has significantly improved. From 2010 to 2019, China's gross domestic product (GDP) increased from Chinese yuan (CNY) 41,212 billion (bn) to CNY 98,651 bn. Urban dwellers' disposable income increased from CNY 19,109 to CNY 42,359 per person, the registered unemployment rate decreased from 4.1 per cent to 3.6 per cent, and industrial and consumption upgrades brought improvement in many regions. However, that prosperity has not been matched in rural areas.

While economic prosperity has propelled some 400 million Chinese into the middle class through strategic development focussed on Tier 1 and 2 cities and China's coastal regions, that very success has sapped investment and talent out of areas further inland.

This has led to the Matthew Effect (see below),—also seen across the world—in which prosperity grows in advanced urban centres while poverty increases outside them. There is a point at which the ripple effect of economic growth geographically outward from development hubs simply stops. Research has shown that only 22 per cent of suburban countries worldwide have successfully developed dynamic local economies, with the rest either seeing negative growth or declining into commuter belts.

To reverse this trend, government programmes globally have tended to focus on investment in regional technology and manufacturing. This strategy is bound to fail when the necessary highly-educated talent pools or strong manufacturing bases are deficient in the targeted regions.

FROM 2010 TO 2019

China's GDP increased from

CNY 41,212 billion to **98,651 billion**



Urban dwellers' disposable income increased from

CNY 19,109 to **CNY 42,359** per person



The Matthew Effect

This phenomenon can perhaps be best summed up as "the rich get rich, and the poor get poorer". Sociologist Robert K. Merton named it after a passage in the Book of Matthew in the Bible:

'For unto every one that hath shall be given, and he shall have abundance; but to him that hath not shall be taken, even that which he hath.' Matthew 25:29

The Matthew Effect is also known as 'the accumulation of advantage', and is often used to explain the important role advantages and disadvantages can have in the development of otherwise similar elements, for example, why the majority of society's leaders is made up of people from wealthier backgrounds that went to high-quality schools and universities, instead of equally competent people from disadvantaged areas or minority groups.



Case study: Xiuwu County

Xiuwu County in Henan Province has a weak technological and industrial foundation. The added value of its secondary industry in 2015 was only approximately CNY 6.7 billion, ranking bottom in the Zhengzhou metropolitan area. Both the quantity and quality of research institutions and personnel, as well as research and development expenditure, were also significantly lower than the average level within the Zhengzhou metropolitan area and China as a whole.

The challenge for Xiuwu County—and many similar regions both in China and globally—is to focus on its own unique resources to build economic growth: a development path that has been overlooked and does not rely on exceptional technical skills or manufacturing advantages.

The advantages of looking to culture, arts and heritage rather than technology or manufacturing for development are that there are fewer prerequisites for success, as it rests on resources unique to the region. Research has shown that 68 per cent of successful economic development in peri-urban areas was aesthetically driven, while only about 32 per cent could be attributed to technology and manufacturing. There are numerous examples worldwide of successful transformations to an aesthetically-driven economy, including Portland, United States; Rostock, Germany; Kamakura, Japan; and Songyang County in Zhejiang Province.

An aesthetic economy is implemented in three key steps. First, determine ambitious but feasible goals based on a deep analysis of local resources. Second, translate these ambitions into specific projects, such as developing regional crafts or outstanding natural

landscape features. Third, ensure that individual projects are connected to each other. This will accelerate progress toward the aesthetic goals set in the first step, including attracting investment, as well as developing stronger local institutions and important infrastructure (transportation or connectivity).

In fact, the aesthetic economy is already having a major impact on large areas of China's financial base. For example, the market value of home-grown designer brands increased from approximately CNY 28.2 bn in 2015 to CNY 72.1 bn in 2019. The annual income of cultural and creative products of the Forbidden City alone has exceeded CNY 1.5 bn. We are witnessing a new era of innovation in China's aesthetic economy.



CNY 1.5 bn+

The annual income of cultural and creative products of the Forbidden City

The widening gap between the prosperous centres of China's rapid industrialisation and their rural hinterlands affects everything from the quality of schools and hospitals to the prospects for Chinese citizens. The traditional route of technology-plus-manufacturing capability-building is often a poor fit and destined to disappoint.

An aesthetic economic strategy offers a new model for many counties in China that do not have strong technology and manufacturing resources to develop and upgrade. For instance, this approach has helped Xiuwu County

to leverage its natural, historical and cultural resources to kickstart a new chapter in its development. The number of tourists and tourism income levels have increased about 2.8 times and three times, respectively, over the last decade, driving the local GDP to about 1.7 times that of 10 years ago. This is despite the impact of the pandemic on tourism.

Xiuwu is now an acknowledged leader in the development of both natural and historical heritage, serving as a role model for other counties. The aesthetic economy approach focusses on the unique characteristics of the region rather than forcing compliance with the mainstream. This ensures the unique character of different regions is preserved and nurtured, while also fulfilling development needs. Xiuwu County provides a blueprint for other regions to follow, both in China and in similar regions around the world. 

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China's Agriculture

Leapfrogging for common prosperity

Can innovative collaboration help us face challenges around food security and climate change? What can we learn from China's centrally-driven, digitally-connected, modern agricultural industrial parks (MAPs) that are revitalising its agricultural ecosystem at lightning speed? **Johnny Browaeys** and **Soraya Kadra** take a look at how the MAPs work, and how European companies can interact with them.

Agriculture, food security and climate change

As the country with the highest food consumption in the world, China's food security has become a subject of global attention. China represents 20 per cent of the world's population, but only nine per cent of the world's arable land. China has nonetheless so far largely been able to meet its growing demand for food due to its rapid agricultural transformation.¹ For instance, China's self-sufficiency ratio (SSR) of its three staple crops—rice, wheat and corn—was 98 per cent in 2018 and 95 per cent in 2019.²

A slowdown of growth in grain yield to below population growth has been observed worldwide, signifying that natural limits have been reached and new agricultural approaches are needed. Moreover, land degradation and climate change are putting the SSR under pressure: the ratio of the world's 54 top staple foods has dropped from 94 per cent in 2000 to 83 per cent in 2010, and further still to 76 per cent for 2020.³

Rural revitalisation

In 2018, China issued a Rural Revitalisation Strategy to modernise agriculture and the rural economy fully by 2050. New schemes were issued, such as:

- *Cang liang yu di* (food storage in the

¹ Gulati, A., Zhou, Y., Huang, J., Tai, A. and Junge, R., *From Food Scarcity to Surplus – Innovation in Indian Agriculture*, Springer, 2021, <<https://link.springer.com.brack.idm.oclc.org/content/pdf/10.1007%2F978-981-13-9484-7.pdf>>

² Hu, Yweil., *Graphics: How China feeds its 1.4 billion people*, CGTN, 23rd September 2019, <<https://news.cgtn.com/news/2019-09-23/Graphics-How-China-feeds-its-1-4-billion-people-KdLx0a7x6/index.html>>

³ Hadano, T., *Degraded farmland diminishes China's food sufficiency*, NikkeiAsia, 2021, <<https://asia.nikkei.com/Economy/Degraded-farmland-diminishes-China-s-food-sufficiency>>

ECOLOGICAL CIVILISATION INDEX (ECI)



ground), addressing current and long term production capacity including land regeneration; and

- *Cang liang yu ji* (food storage in technology), emphasising the role of technology in food security.⁴

The non-binding nature of China's gross domestic product growth target for 2025—as announced in its 14th Five-year Plan—and piloting of a new alternative indicator to assess economic growth—the gross ecosystem product (GEP)—is a turning point in assessing the the economy.⁵ GEP is a unique indicator that encompasses the value of a natural ecosystem's goods and services,⁶ as well as depreciation of environmental assets, such as degradation of the biosphere.⁷

Agriculture 4.0

In February 2019, the Development Plan of Digitalisation of Agriculture and Rural Areas (2019–2025) set the basis for China's Agriculture 4.0. The main characteristics of Agriculture 4.0

are ecologicalisation, socialisation and the Internet, as the intention is to use technology to ensure food security and rural revitalisation. This plan has five main tasks:

- Build a basic data resource system.
- Speed up the digital transformation of production and operation.
- Promote digital transformation of management services.
- Strengthen key technology and equipment.
- Strengthen the construction of major engineering facilities.

The plan is also driven by three main metrics that need to double by 2025: the digital economy must account for 15 per cent of China's agriculture value-add; the proportion of agricultural products sold online should hit 15 per cent; and internet access in rural areas should reach 70 per cent.⁸

Modern technology such as drones, robots and the Internet of Things, combined with communication and monitoring devices, strengthen the potential for innovation, optimise processes and can connect small/medium-scale farmers to the national ecosystem. For instance, agricultural drones, which can be used to spray pesticides, currently only represent two per cent of agricultural plant protection in China. The dominant force (90 per cent) is semi-mechanised electric sprayers, but the application

of drones is expected to rise rapidly.⁹ Moreover, China is the biggest agricultural e-commerce market worldwide, with farmers across the country able to plug into the national market.¹⁰

Modern agricultural industrial parks (MAPs)

As part of this modernisation, the Chinese Ministry of Agriculture in 2019 approved more than 114 national MAPs, to facilitate the development of local smart agricultural business ecosystems and communities, including farmers, businesses and consumers.

The MAPs provide a platform for the government, academia and industry to collaborate. In 2020, there were more than 250 MAPs, led either by the government (87 per cent), industry (9.7 per cent) or research institutes (3.3 per cent).

The shared objective is to grow sustainable business value chains, secure food resources, safeguard natural assets and serve all stakeholders. The MAPs aim to accelerate agricultural technological innovation and resource development, train modern farmers, and to link government policies with industry and financial investments focussed on innovation.

Opportunities for European companies

European companies wanting to participate in this fast-developing market should understand the essence of this ecosystem and strategically engage with the three key stakeholders: 1) the local government; 2) universities / institutes; and 3) state-owned enterprises / local companies / entrepreneurs. Take the local

⁴ Niu, Z., Yan, H., and Liu, F., 2020, Decreasing cropping intensity dominated the negative trend of cropland productivity in Southern China in 2000–2015. *Sustainability*, vol.12, no.30, <https://www.mdpi.com/2071-1050/12/23/10070/html#7-sustainability-12-10070>; Huang, J., and Yang, G., (2016), Understanding recent challenges and new food policy in China. *Global Food Security*, vol.12, pp. 119–126, <https://www.sciencedirect.com/brad.idm.oclc.org/science/article/pii/S221191241630058X?via=ih3dhub>

⁵ Liu, H., Liu, J., and You, X. O&A: What does China's 14th 'five-year plan' mean for climate change? 12th March 2021, CarbonBrief, <https://www.carbonbrief.org/qa-what-does-chinas-14th-five-year-plan-mean-for-climate-change>

⁶ Ye, Y. GEP, a Green Alternative to GDP, Gaining Ground in China. *Sixth Tone*, 12th April 2021, <https://www.sixthtone.com/news/1007199/gdp%2C-a-green-alternative-to-gdp%2C-gaining-ground-in-china>

⁷ Dasgupta, P. *The Economics of Biodiversity: The Dasgupta Review*, Treasury of the United Kingdom, 2nd February 2021, <https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review>

⁸ Au, L., China looks to robots, big data to drive agriculture forward. *Technode*, 22nd January 2020, <https://technode.com/2020/01/22/china-looks-to-robots-big-data-to-drive-agriculture-forward/>

⁹ Gulati, A., Zhou, Y., Huang, J., Tal, A., and Juneja, R., *From Food Scarcity to Surplus – Innovation in Indian Agriculture*, Springer, 2020, <https://link-springer-com.brad.idm.oclc.org/content/pdf/10.1007/978-981-15-9484-7.pdf>

¹⁰ Thomala, L. Number of Internet Users in China from 2017 to 2023, Statista, 2020, <https://www.statista.com/statistics/278417/number-of-internet-users-in-china/>

government for example, a company that can understand and contribute to its centrally-assigned key performance indicators will appear very attractive.

Companies that are already strategically engaging with the MAPs to roll out a nationwide go-to-market strategy are growing at lightning speed. Some of the most successful examples have developed new business streams from zero to over euro 0.5 bn in three years, even tripling revenues during COVID, profiting from the digitalisation drive.

Some companies work with the MAPs to help farmers increase profits and sustainability by improving soil health, reducing pesticide and fertiliser use, increasing crop yields and reducing water pollution. Others use blockchain technology to provide traceability and end-to-end visibility of fresh products from field-to-fork: consumers are able to scan a QR code on food packaging in a shop enabling them to see which farmer produced the goods where, as well as the product's health and sustainability data. For example, the technology allows strawberries picked one day to reach consumers the following day, with all production data provided.

A call for collaborative innovation: the story of Farmer Zhu in Henan

To see how MAPs can mitigate the effects of extreme weather, we can take Farmer Zhu in Anyang, Henan, with 650 Mu (43 hectares) of corn, as a case study. In mid-2021, his fields were flooded and his crops seemed lost. The MAPs team was called in and used satellite imagery to check where Farmer Zhu's fields were starting to drain. They then used drones to spray the plants to protect them against diseases caused by the flooding, and biological stimulants to get them growing again after the waters had receded. Being able to combine modern technology with farming techniques saved Farmer Zhu 65 per cent of his crop yield.

Similar solutions are being used to protect Europe's wine industry, which is being affected by climate change, and Dutch tomato crops that are being eaten by migrating insects. Meanwhile, the demand for new crop varieties that can better withstand drought is increasing rapidly. Collaborating to innovate will be spurred into a race against time to soften the impact of climate change.

Voices from the field

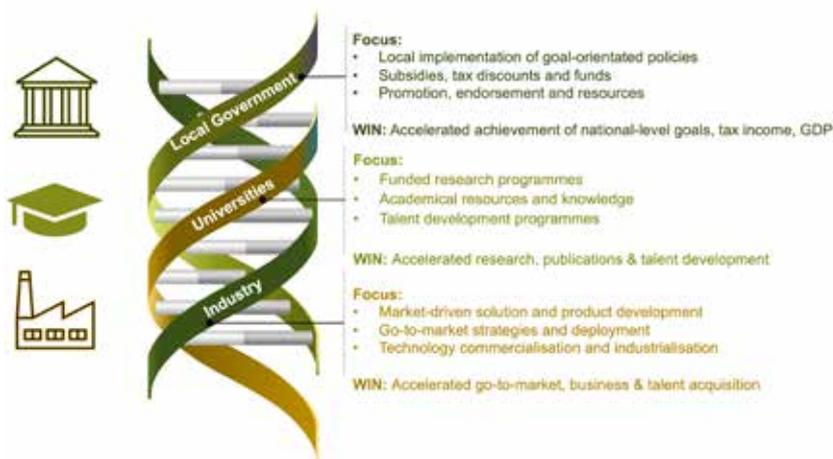
Chen Chunlan, who provides training at the MAPs centres, witnessed how local farmers increased their sales conversion rate from a mere one per cent to 25 per cent by using online agronomy training; enhanced plantation, crop protection and machinery equipment-handling skills; branding to attract consumers; digital sales tools; and shifting from a focus on revenue growth to profitable growth.

When asked for advice for European companies, she replied: "Liaise with the MAPs and government agencies to understand how to promote your business. Learn how they collaborate with different stakeholders to serve the farmers and consumers. Find the common goal, shared values and use success cases to build trust."

Chunlan also referenced lyrics from an old Chinese song: "二月卖新丝, 五月采新谷" or "New silks are sold in February, new grain is bought in May". This Tang Dynasty song is well-known for its expression of deep care and sympathy for the hardship of peasants' livelihoods.

Acknowledgement of this hardship and of farmers' importance to food security as climate change begins to show its impact may well be the main reason why President Xi Jinping sees the modernisation of China's agriculture as key to common prosperity. 

TRIPLE HELIX MODEL FOR COLLABORATING WITH THE MAPS



Johnny Browaeys is the Shanghai chair of the European's Chamber's Environmental Working Group and chair of Seeder Clean Energy. As a corporate entrepreneur, he pioneered new businesses for Chinese, European and American companies in China, and as an entrepreneur he nurtured five startups in the GreenTech space.

Soraya Kadra is an expert on Innovation and Circular Economy at Seeder Clean Energy.

Note: This article is a follow-up to a 2019 *Eurobiz* article: *China leapfrogging to a circular economy*

ALL EYES ON ESG

Why businesses in China need to prepare for changes in regulation, buyer behaviour and the digital landscape
by **Joachim Poylo**

Environmental, social and corporate governance (ESG) is quickly becoming the global standard for investors seeking responsible investment opportunities. This framework requires companies to provide data on carbon emissions, employee health and safety, diversity and business ethics, among others. As **Joachim Poylo**, president of **Aden Group** explains, the 'ESG effect' will force companies to put digitalisation and traceability at the centre of their operations, requiring a reassessment of each layer of business – from facilities to executive decision-making.



Larry Fink, chair and chief executive officer (CEO) of the investment management giant BlackRock, announced in his 2021 letter to client CEOs that almost all of BlackRock's United States dollars (USD) 7 trillion assets under management would be directed by ESG metrics. Shortly afterwards, BlackRock joined more than 40 other top global asset managers, including Vanguard and APG, as new signatories of the Net Zero Asset Managers initiative – which now represents euro (EUR) 27.2 trillion in assets under management, more than a third of the global total.¹

The ESG trend is also making waves across Asia. Stock exchanges such as the Korean KRX and Hong Kong's HKEX have already announced new rules that companies of valuations over a certain level must disclose ESG ratings to remain listed.

This trend is starting to take hold in China as well. Between 2009 and 2018, the number of Chinese companies on the Shanghai-Shenzhen CSI 300 index that voluntarily disclosed some level of ESG data almost doubled from 43 per cent to 82 per cent. Some regulatory action is beginning to appear as well. In May 2021, the China Securities Regulatory Commission (CSRC) published suggested updates to disclosure requirements for China-listed companies, with proposals including environmental and social responsibility, as well as enhancements to current corporate governance metrics, to improve and standardise transparency.²

Despite this, the adoption and awareness of ESG reporting in China continue to lag behind

¹ Susanna Rust, APG, BlackRock and 41 others boost Net Zero Asset Managers initiative, IPE, 29th March 2021, viewed 9th December 2021, <<https://www.ipe.com/news/09-blackrock-and-41-others-boost-net-zero-asset-managers-initiative/10051914.article/>>

² Vivian Gan and Aaron Costello, ESG Challenges and Opportunities in Chinese Equities, Cambridge Associates, September 2021, viewed 10th December 2021, <<https://www.cambridgeassociates.com/insight/esg-challenges-and-opportunities-in-chinese-equities/>>

Europe – China ranks 47th out of 50 countries according to median ESG scores.³ Nevertheless, some signs suggest that its country will begin to tighten the belt soon enough. China has consistently reaffirmed its commitment to the Paris Accord, referring to it as “irreversible” in a joint statement with France.⁴ The announcement of national peak carbon emissions by 2030 and net-zero emissions by 2060 goals signal that regulations are sure to follow. In a written address to the recent United Nations Climate Change Conference (COP26) Glasgow, President Xi Jinping reiterated the nation’s commitment to these goals. As a result, many analysts based in Asia are expecting Chinese regulators to roll out more standardised ESG listing requirements for the main boards in Shanghai and Shenzhen before 2025.

Regardless of the current policies—or lack thereof—for Asian exchanges, there is still a high expectation that businesses operating in China and the wider region need to get serious about ESG. Much of the downward pressure comes not from governments or shareholder activism, but rather from the internal practices of larger multinationals imposing stricter requirements on their vendors to qualify for procurement.

As the gaze of ESG turns towards supply chain practices, many companies that traditionally fell outside of its vision (for example, private, small and medium-sized firms) are now coming under scrutiny. Supply chains have an amplifying effect on every organisation’s carbon footprint; in

fact, they account for up to 90 per cent. This effect is putting increased pressure on large firms that source from regions with less stringent ESG regulation. Even medium-sized companies can have thousands of suppliers, each with its own complexities and often employees located around the globe. The impact is proving to be so large that financial firms are launching ESG-linked supply chain financing in the Asia Pacific to encourage suppliers to accelerate their efforts to reduce their carbon footprints.⁵

The fact is that changes in buyer behaviour create just as much of a risk for business in Asia as regulations do. In fact, according to a survey by Baker McKenzie, it is the third biggest risk for businesses in the Asia-Pacific region.⁶

The role of data

Ever since ESG arrived on the scene, it has become apparent that no business can demonstrate compliance, trustworthiness, or even fully understand their own strong and weak points, without transparent data. Data is key to running effective auditing, analytics and strategising. One problem is that this data is too often in silos between departments, across borders or not even recorded in the first place. Another complication is that often companies may be in the dark about the ‘right type’ of data that regulators, auditors, clients and shareholders are looking for. With a handful of rating agencies such as the Global Reporting Initiative and the Sustainability Accounting Standards Board competing with each other, it is difficult to know what data needs to

be tracked and measured. Digitisation provides a solution to this problem.

Properly digitalised companies are using Internet of Things (IoT)-enabled sensors, web apps and software to record all ESG data points relating to business operations – everything from energy and waste management to indoor environmental quality, employee well-being and vendor sustainability control. Furthermore, the centralisation of this data into a ‘single source of truth’ is just as important as its collection. Ensuring data transparency across the organisational structure, as well as for third parties during audits and reporting, is essential for informing business decisions and establishing credibility and trustworthiness.

ESG-data digitisation is much easier for organisations that have properly digitalised the built environment in which they operate – which usually begins even prior to the construction of their facilities. However, the vast majority will need to retrofit their facilities and rethink the tracking and measuring of their workflows. This is no small feat, but faced with changing ESG regulations and buyer behaviours, it will be worth the investment.

After all, ESG metrics are ultimately about judging an organisation’s resilience and risk in an economy that increasingly prioritises equitable prosperity. 

Joachim Poylo is president of Aden Group. Born and educated in France, he founded Aden in Asia in 1997. Since then, he has overseen Aden’s growth and evolution from its headquarters in Shanghai.

Aden Group is headquartered in Shanghai and operates in 25 countries worldwide. Rooted in facility management and solutions for the built environment, Aden’s full portfolio includes ventures in digital twin services (Akila), clean energy (Tera Energies), handling and automation (ASAP Rental), equity and venture capital (Avance), and more.

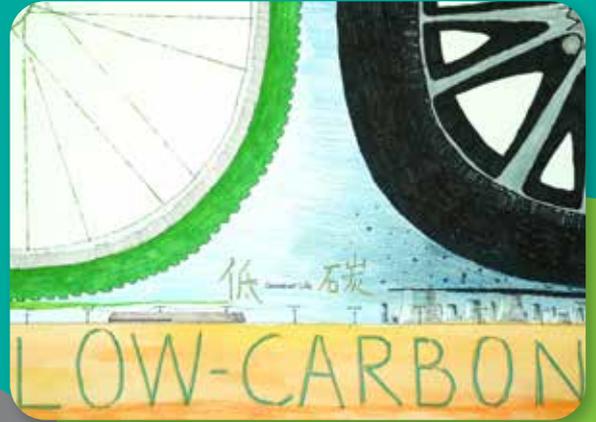
³ Hannah Zhang, There’s a Big Opportunity for ESG in China, Institutional Investor, 27th September 2021, <<https://www.institutionalinvestor.com/article/b1ts1n1676vsk/There-s-a-Big-Opportunity-for-ESG-in-China>>

⁴ China, France reaffirm support of Paris Climate Agreement, call it ‘irreversible’, Reuters, 6th November 2019, viewed 10th December 2021, <<https://www.reuters.com/article/us-china-france-paris-agreement/china-france-reaffirm-support-of-paris-climate-agreement-call-it-irreversible-idUSKBN1XG00J>>

⁵ Citi Launches Sustainability-Linked Supply Chain Financing in Asia Pacific, Citi, 1st November, viewed 10th December 2021, <<https://www.citigroup.com/citi/news/2021/211101a.htm>>

⁶ From Strategy to Action: Advancing ESG in the Asia-Pacific, Baker McKenzie, 2021, viewed 10th December 2021, <https://www.bakermckenzie.com/-/media/files/insight/publications/2021/07/apbr_from-strategy-to-action-advancing-esg-in-asia-pacific_19_july.pdf?la=en>

Haocheng Zhang, Tianjin Shiyan Hebei District Wanghai Primary School



David Dai
Nanjing International School



Arthur Yao,
Yew Chung International School
of Shanghai

European Chamber Nanjing 8th CSR ART COMPETITION WINNER LIST



Isabella Chen,
Yew Chung International School of Shanghai



Zixin Zhou,
The British School of Nanjing



Jocelyn Yu,
Yew Chung International
School of Shanghai

HAND IN GLOVE

How the private sector can use common prosperity to advance sustainability

by **John Pabon**

At its core, Chinese President Xi Jinping's common prosperity campaign appears to be about creating a fairer, more equitable society for the entire Chinese population. Since officially declaring the end of extreme poverty in 2021, the Central Chinese Government has doubled down on equalising decades of unequal economic development. A redistribution of wealth, and shoring up a widening income divide, are the key tenets of this ambitious campaign. **John Pabon of The Silk Initiative** explains how companies can look to common prosperity to advance their own sustainability efforts.

The concept of sustainability has many of the same objectives as President Xi's common prosperity. To be clear, we're not just talking about the green side of things – sustainability encompasses so much more. While there are the salient issues of climate change, deforestation and pollution, there are also social issues that fall under the environmental umbrella, such as labour rights, community impact and stakeholder engagement. When we look at sustainability through a private-sector lens, governance issues like transparency, reporting and remuneration take centre stage. No matter which part of sustainability we're talking about, the ultimate goal is

creating a better future for the planet and its inhabitants.

Over the past two decades, one driver of success in sustainability has emerged as more prevalent than any other. The holy grail of evolving the sustainability agenda, especially in China, is for private sector companies to find ways of supporting large government initiatives. The easiest way to explain this is through the eyes of a provincial leader in, say, Anhui Province. They receive targets sent down from Beijing with the tacit understanding that failure is not an

option. Yet they aren't always given the tools to meet these targets. When it comes to environmental or social issues, bureaucrats rarely have the skills to even begin undertaking such programmes.

That's where the private sector can step in to help. Multinational companies, especially those more evolved in their sustainability thinking, can offer years of experience to help fast-track meeting

local targets. In essence, local governments have the drive, ambition and capital. What they lack are the tangible skills to get the job done. The true win-win comes when these worlds collide.

A true win-win

The world of manufacturing can provide a good example. For decades, fast-moving consumer goods companies have used China as their factory, churning out products at rock-bottom prices with an almost endless supply of low-wage labour. When factory conditions in China are mentioned, what do most people in Europe still imagine? Tired workers huddled in cold rooms, at risk of losing a hand if they doze off next to a machine? Dormitories with no air conditioning in the middle of summer, rampant disease and inedible food? Automated machines buzzing quietly while specialised technicians keep things rolling along in near hospital-like conditions?

Wait, what?

The last scenario is certainly different from the sweat factories many outsiders envision, but if people had to guess which is correct, option three would be a wise bet. The level of automation going on in China, and the safe and technologically-advanced conditions in many factories, are astounding. In some automated factories, people are only used to programme instructions into machines. Of course, plenty of things are still done by hand, but these clinical surroundings are hardly the black-market labour conditions many think of. Factories are safe, clean and monitored or audited *ad nauseam*.

That means big multinational conglomerates could easily just lay off thousands of factory workers and put

machines in their place, right? Wrong. Instead, these companies are using this once-in-a-lifetime opportunity to instead upskill workers for future employment opportunities. To get a sense of the scale of this undertaking, let's look at one example of the type of training that can take place.

The basic premise of this particular programme was to help upskill female workers across a company's China-based factories. The course would cover topics such as on-the-job training, business and management skills, and communications, as well as the soft skills needed to be a good worker: family planning; personal finance; and health and wellness. Over the eight or nine years of compulsory education in China, there is little time to teach things like these.

From a business perspective, what is the rationale for all this? How can a company justify training their workers on such topics, especially when on the surface it seems to be a huge expenditure? Sure, it might make corporate executives feel (and

look) good. As with anything related to sustainability and business, though, there has to be an economic imperative for change to happen. In short, how can a business still make money from this programme?

Take the family planning topic, for example. Abortion is still considered a legitimate form of birth control by many in China, and teachers don't help students to understand the potential complications or alternatives. Touchy cultural taboo subjects such as these are rarely talked about by people, much less by the government. However, when workers get abortions, they are often

Over three years, nearly

100,000

women across 60 major Chinese factories participated in one soft skills training programme.

In addition, a full

80%

of factory trainers said their self-confidence and communication skills improved



Marrying business knowledge around sustainability with the Chinese Government's social and environmental initiatives is an elegant solution that will allow all to evolve together.



out sick for several days afterwards. If a worker comes to realise there are other forms of contraception, and in turn gets fewer abortions, then they will show up to work more often. This leads to lower absenteeism, especially when calculated across an entire factory. Not only that, but these women are likely to be happier psychologically and thus less stressed. When someone is happier, they are more productive. Lower absenteeism, higher productivity and the bonus of greater appreciation for the company mean you are going to get more work out of each employee. This

means more money for the factory and the company.

A true win-win scenario. But how much of a win-win?

Over three years, nearly 100,000 women across 60 major Chinese factories participated in one programme like this. That's 100,000 lives changed directly and countless hundreds of thousands more indirectly. The impact on the participants is much greater than that gained from learning just hard skills; more than 70 per cent of employees said the programme helped them adapt better to and solve problems in their personal lives and at work. In addition, a full 80 per cent of factory trainers said their self-confidence and communication skills improved. This is the scale of change the Chinese Government wants, especially through the lens of the common prosperity campaign. That's the power of the private sector when used as a force for good.

Advancing common prosperity

Most European companies already operating in China are likely to have strong sustainability practices in place. The question becomes how to use them to further government initiatives. Enterprises would do well to keep the following in mind:

- **The common prosperity campaign has a particular focus on labour.** If your business has a large contingent of workers, ensure basic requirements like social welfare programmes are in place. Re-think all worker programming—both blue- and white-collar—towards addressing key elements of common prosperity. This could include well-being, remuneration

or labour rights programmes across the business.

- **People cannot be equal if they are not given equal access to resources.** Common prosperity is about more than money: having access to clean air, water and food is also critical. For businesses operating in these spaces, or with experience in clean environmental practices, consider how your knowledge can help raise national standards.
- **Where are the collaborative opportunities?** As a bloc, European companies can collaborate on initiatives based on a shared interest. For example, automotive companies could improve original equipment manufacturer and supply chain performance. Agricultural firms could work on next-generation farming techniques to ensure food security. Consumer goods manufacturers—especially those sharing factories—could create a dialogue around best-practice auditing.

Overall, it is important to remember that the common prosperity campaign poses more opportunities than risks for European businesses. The key is in understanding how to capitalise on these opportunities. Marrying business knowledge around sustainability with the Chinese Government's social and environmental initiatives is an elegant solution that will allow all to evolve together. [E3](#)

John Pabon is sustainability advisor for Shanghai-based **The Silk Initiative** and founder of Fulcrum Strategic Advisors, Asia's only risk management consultancy addressing the intersection of geopolitics, sustainability, and strategic communications. He leads The Conference Board's Asia Sustainability Leaders Council, is an advisor to the US Green Chamber of Commerce, and author of *Sustainability for the Rest of Us: Your No-Bullshit, Five-Point Plan for Saving the Planet*.



The Global Sustainability Narrative

Challenges and opportunities for international collaboration
by **Li-Xiong Chu**

The global sustainability narrative is one that affects us all. For many European Chamber members, it will be the most pertinent topic of business for years to come. For the European Union (EU) and China to achieve carbon neutrality by their respective 2050 and 2060 goals will be difficult, to say the least, especially considering that these are two of the world's top carbon-producing markets. International collaboration is clearly needed to realise change. But how to effectively navigate the global energy landscape in terms of its widely varying socio-economic, political and geographical developments? **Li-Xiong Chu** of **Dr2 Consultants** looks at the challenges and opportunities on the path to carbon neutrality.

China's green transformation

Although China is now the biggest global emitter of carbon dioxide, there are some nuances to the narrative as a whole. For instance, the EU is leading the global move towards renewable and clean energy, but many individual EU Member States have some of the highest per capita carbon emission rates in the world. The World Bank and Statista have pinpointed Germany (10.4 metric tonnes (mt)), Poland (7.9mt), Italy (7.7mt) and France (6.6mt) as

among those with the highest per

capita emissions. Internationally, the United States (US) (17.6mt) and Saudi Arabia (17.6mt) are the undisputed champions. China's economic development over recent years has created more wealth—and thereby more carbon emissions—so it is now playing catch-up and, at 6mt per capita, currently ranks below France.

However, China's economic growth has also allowed it to deal with extreme poverty among its population and focus on ensuring food security. 2020 saw the end of poverty according to official Chinese measures for almost 100 million rural residents. This meant China met the United Nations'

Sustainable Development Goal 1 target—"end poverty in all its forms everywhere"—10 years ahead of schedule. This success would not have been possible without

China ramping up production and becoming the factory of the world. Building on these achievements, China is now prioritising the development of agriculture and rural areas, and enforcing its Rural Revitalisation Strategy. It has accelerated its transition towards green development, is implementing the Paris Agreement and has actively participated in global climate governance. As a result:

- carbon intensity has accumulatively dropped by 18.8 per cent;
- clean energy now accounts for 23.4 per cent of China's energy mix;
- China leads the world in installed capacity and output of photovoltaic and wind power generation; and
- China has scaled up its nationally-determined contributions.¹

Alongside being the biggest carbon emitter in the world, China is also

the second largest economy, which means it has a crucial role in the global sustainable development agenda. Because of its sheer size when it comes to population, production, consumption and energy use, to name but a few factors, the direction China takes on sustainability will inevitably impact future conditions. The global success of the UN's SDGs will depend significantly on success achieved in China and through cooperation with China internationally.

International collaboration or self-sufficiency

The direction China will take in certain areas remains unclear and uncertain, as the COVID-19 pandemic has led some countries to increasingly focus inwards. While China is one of those aiming to become more self-sufficient, there are again some nuances that should be acknowledged. Becoming less reliant on others in the wake of economic growth is a phase most developed countries underwent at a certain stage. But this trend does not necessarily mean there will be less opportunities for international collaboration with China. Its Special Envoy for Climate Change Xie Zhenhua stressed coordinating development cooperation efforts related to climate action is crucial to ensure their effectiveness.²

The World Bank provided an example of such coordination in June 2021 when it approved a US dollar (USD) 200 million loan to establish the Green and Low-Carbon Investment Fund for projects in China. The

fund is aimed at promoting market-driven, private-sector-orientated and long-term equity financing for green enterprises and projects, with a primary focus on private small and medium-sized enterprises. This fund will invest in green business areas in China that are delivering on local and global environmental public projects, including environmental protection, cleaner industrial production, energy efficiency improvement and the clean energy industry.

China readily acknowledges that it cannot reach its ambitious goals alone, whether through green financing or innovation developments. Cooperation by governments worldwide is required to guide the global transition to cleaner energy, and to make sure nobody gets left behind. If a level playing field is lacking, it will undermine the trust that must lie at the core of all international collaboration.

Public affairs

In order to navigate the global energy landscape effectively, taking into consideration the widespread differences in socio-economic, political and geographical developments, the role of public affairs on an international level becomes increasingly important.

The global narrative should be one of increased dialogue to create more understanding between stakeholders of their differences and perspectives. For example, efforts such as those initiated by the International Energy Forum and the EU-China Energy Cooperation Platform are

vital. Similarly, the European Chamber is working to make sure the nuances don't get lost, whether it be from an EU, China or any other perspective. Moreover, private companies will need to rethink traditional business models that predominantly focus on making a profit or increasing shareholder value at the expense of nature or society. And ultimately, we as consumers also need to change how we choose to live and consume in order to effectively decrease our carbon footprints. Public and private sectors will need to come closer together internationally; therefore, public affairs will be essential in overcoming conflicts in our approaches to our common goal of carbon neutrality and a more sustainable future for all. 

Li-Xiong Chu is director and senior advisor at Dr2 Consultants Shanghai and can communicate in English, Dutch and Chinese. He focusses on the global sustainability dialogue to create more understanding and advises companies how to navigate the China market in this regard.

Dr2 Consultants is strategic consultancy network that operates at the intersection of corporate communication and public affairs, with offices in The Hague (Dröge and vand Drimmelen), Brussels (together with E-commerce Europe), Copenhagen, New York and Shanghai. They advise public and private institutions all over the world on how to acquire social and political support for their issues. All offices within the Dr2 network facilitate public-private cooperation in sustainability-related areas such as the energy transition, waste management, and green commerce, logistics and supply chains.

¹ China cuts 'carbon intensity' 18.8 per cent in past five years, Reuters, 2nd March 2021, viewed 9th December 2021, <<https://www.reuters.com/article/us-china-climatechange-idUSKBN2AU157->

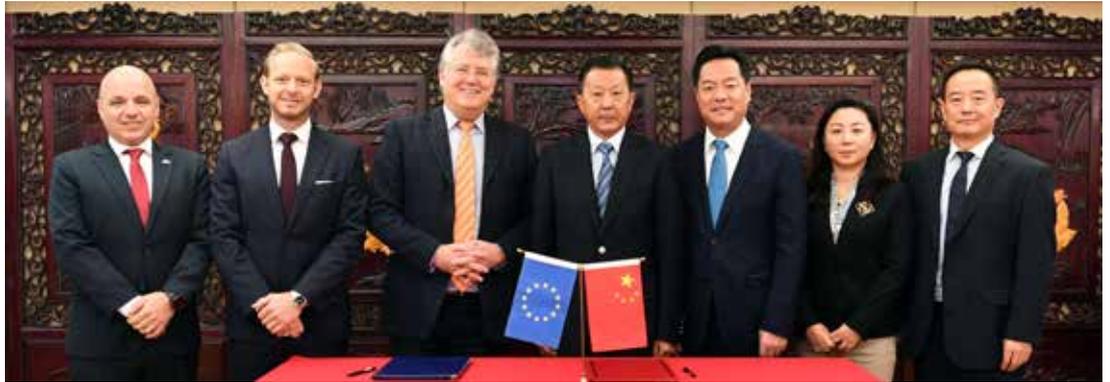
² Transcript: Chinese Climate Envoy's press conference at COP26, Pekinology, viewed 9th December 2021, <<https://pekingology.substack.com/p/transcript-chinese-climate-envoys->

19TH OCT.
BEIJING

Fair play emphasised, as cooperation agreement signed with General Administration of Sport

The European Chamber signed a five-year agreement with the General Administration of Sport, committing both sides to cooperating on the development of sporting activities, and the promotion of sports-related industries and events.

Photo: European Chamber



On 1st November, Jörg Wuttke, president of the European Chamber, and Li Yinchuan, vice minister of the General Administration of Sport of China (GAS), signed a five-year agreement committing both sides to cooperating on the development of sporting activities, and the promotion of sports-related industries and events.

President Wuttke noted that European values are deeply rooted in open and fair competition on a level playing field. He said the sports initiative demonstrates the Chamber's commitment to continue working with China to embed these principles in both the sporting and business

worlds. Rouven Kasper, chair of the Chamber's Sports Forum, said the goal is to encourage more young people to live healthier lives while learning to respect fair competition and embracing diversity.

Sports Forum Vice Chair Remigio Brunelli was also in attendance. On behalf of the GAS, Wang Liwei, director general of the Youth Sports Department, Wu Jian, deputy director general (DDG) of the External Affairs Department, and Yang Xuedong, DDG of the Finance Department of the GAS, alongside other government representatives, also joined the ceremony.

10TH NOV.
GUANGZHOU

South China Chapter delivers Chamber's message to Guangzhou vice mayor

Chamber VP and South China Board Chair Klaus Zenkel led a delegation to meet with Zhang Yong, vice mayor of Guangzhou.

Photo: European Chamber



On 10th November, European Chamber Vice President (VP) and South China Board Chair Klaus Zenkel led

a delegation to meet with Zhang Yong, vice mayor of Guangzhou. VP Zenkel presented the *Business Confidence Survey 2021* and the *European Business in China Position Paper 2021/2022*, and shared concerns of local member companies, such as recurring power shortages and COVID-19 travel restrictions. Vice Mayor Zhang made assurances that these issues will be resolved and that the Guangzhou Government stands ready to help local European companies. Representatives from the municipal government's Foreign Affairs Office, Bureau of Commerce, Public Security Bureau, Development and Reform Commission, and Industrial and Information Technology Bureau also joined the meeting.

15TH NOV.
ONLINE

SG Dunnett led a delegation of senior European Chamber representatives to meet with Kerstin Jorna, director general of DG GROW.

Photo: European Chamber

Chamber updates DG GROW on energy, automotives and shipbuilding



On 15th November, European Chamber Secretary General (SG) Adam Dunnett led a delegation of senior Chamber representatives to meet with Kerstin

Jorna, director general of the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) at the European Commission. SG Dunnett highlighted the support for European small and medium-sized enterprises (SMEs) provided by the EU SME Centre, and presented the report on standardisation jointly published by the Chamber, the Swedish Institute of International Affairs and the Swedish National China Centre. Energy, Automotive and Maritime Manufacturing working group representatives provided feedback and recommendations ahead of sector-specific dialogues between DG GROW and China's Ministry of Industry and Information Technology.

16TH NOV.
JIANGSU

VP Guido Giacconi gave a keynote speech at the inaugural China-EU Offshore Wind Cooperation Forum.

Photo: European Chamber

Chamber VP gives keynote speech at first EU-China forum on offshore wind cooperation



On 16th November VP Guido Giacconi gave a keynote speech at the inaugural China-EU Offshore Wind Cooperation Forum, emphasising the abundant

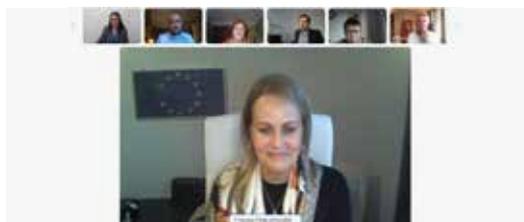
experience European companies have accumulated in this sector. He also highlighted the willingness of European companies to share their innovation and know-how to help China achieve its decarbonisation goals while safeguarding energy security. Octavian Stamate, counsellor for Climate Action and Energy of the EU Delegation in China; Ren Jingdong, vice administrator of the National Energy Administration; and Hu Guangjie, vice governor of Jiangsu, also delivered opening remarks.

3RD DEC.
ONLINE

President Wuttke led a European Chamber delegation in an online meeting with Florika Fink-Hooijer, director general of the DG ENV at the European Commission.

Photo: European Chamber

Chamber provides DG ENV with overview of Chinese environmental policies



On 3rd December, President Wuttke led a European Chamber delegation in an online meeting with

Florika Fink-Hooijer, director general of the Directorate-General for Environment (DG ENV) at the European Commission. Chairs and senior representatives from the Chamber's Energy Working Group and the Environment Working Group provided an overview of China's environment policies. President Wuttke also highlighted the work of the EU SME Centre in supporting European SMEs in all sectors—including environment—to enter and operate in the Chinese market.

Implementation Issues

Intellectual property protection in
China over the past 20 years
by **Matias Zubimendi**

The framework for the Chinese system of intellectual property (IP) protection was put in place at the beginning of the reform and opening up era; however, it was not until China acceded to the World Trade Organization (WTO) in 2001 that attempts were made to bring the country's IP system more in line with international standards. This article is the second in a series by **Matias Zubimendi** of the **China IP SME Helpdesk** on the development of China's IP protection system since the country became a WTO member.

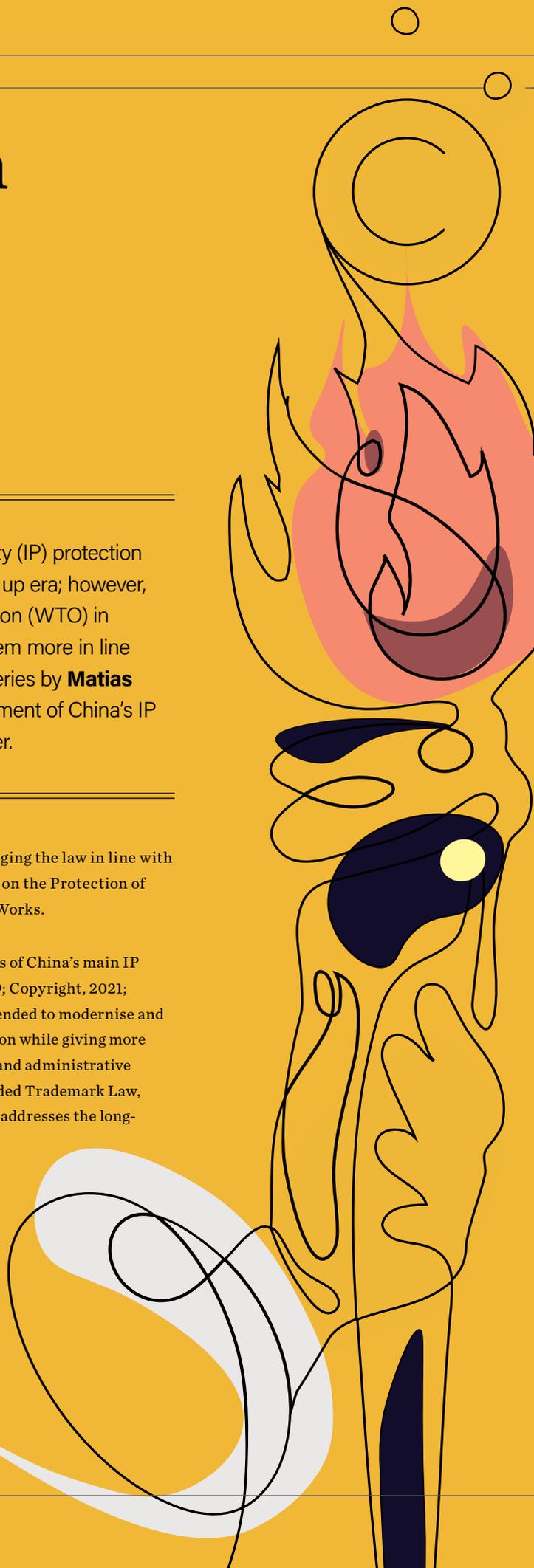
Revision of IP laws

China's first round of post-accession amendments to its IP protection laws began in 2001 with changes to the Trademark, Copyright and Patent laws. These amendments were in line with contemporary judicial interpretations, with the main purpose being to improve the efficiency of China's IP protection and, more particularly, to comply with its obligations outlined in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Since then, China has continued to periodically revise its IP laws and regulations. For instance, the Patent Law was revised in October 2009 in an attempt to more effectively protect patent rights while promoting indigenous innovation. Likewise, the Copyright Law was revised in April 2010 by broadening the scope of protection to include works not authorised for publication

in China, thereby bringing the law in line with the Berne Convention on the Protection of Literary and Artistic Works.

The latest amendments of China's main IP laws (Trademark, 2019; Copyright, 2021; Patent, 2021) were intended to modernise and strengthen IP protection while giving more powers to the judicial and administrative authorities. The amended Trademark Law, for example, explicitly addresses the long-standing problem of bad-faith trademark registrations – whereby third parties register the trademarks of IP owners without their permission or knowledge in order to sell the trademarks back to the original owners at inflated prices. The amended



law explicitly orders the rejection of bad-faith registrations at the application stage. Furthermore, trademark invalidation actions based on bad-faith applications are also recognised, giving trademark holders legal grounds to have any marks already registered in bad faith taken down.

The 2019 amendments of the Trademark Law increased statutory damages while introducing punitive damages for wilful infringements of serious circumstances. Similar provisions were also seen in the amendments to the Copyright Law and the Patent Law. In addition, these saw changes to the burden of proof, meaning that when the claimant has exhausted its efforts to provide evidence held by the infringer that is needed to calculate the damages, the court can order the infringer to provide it. Should the infringer refuse to do so, or submit fabricated evidence, the court can determine damages based on the initial evidence and calculations made by the IP owner.

The latest amendment to the Patent Law brought significant changes, especially for the pharmaceutical industry. A patent linkage system was introduced to make the market approval of generic drugs more transparent by creating a preventative dispute method. Other changes—such as the introduction of the open-licence system—show regulators' willingness to facilitate the licensing process and avoid IP infringements.

While it is still too early to properly evaluate the influence of the amendments to the Patent Law and Copyright Law, the effect of those to the Trademark Law have so far fallen short of expectations. Despite increased efforts to reduce bad-faith registrations, industry experts and stakeholders have indicated to the Helpdesk that these remain the main challenge for foreign companies operating in China.

Future goals

On 24th September 2021, the Chinese Government announced the *Guidelines for Building a Powerful Intellectual Property Nation (2021–2035) (Guidelines)*.¹ The main goal of the *Guidelines* is to transform China into a global player in IP governance within the next 15 years. The document sets goals and maps out a number of tasks related to IP protection and developing relevant intellectual property right (IPR)-intensive industries. The Chinese Government acknowledges the role that IP will play in the near future: according to the *Guidelines*, by 2025, the added value of patent-intensive industries is expected to account for 13 per cent of China's gross domestic product (GDP), and the added value of the copyright industry 7.5 per cent.

Tasks mapped out in the *Guidelines* include: building an IPR protection system that supports a world-class business environment; establishing an IPR market operation mechanism that encourages innovation; building a public IPR service system that is convenient and beneficial to people; and stepping up participation in global IPR governance.

According to the *Guidelines*, laws on patents, trademarks and copyright, as well as regulations on protecting new varieties of plants, should be amended in a timely manner. Furthermore, new legislation should be introduced to cover cutting-edge industries such as big data and artificial intelligence.

However, to reach the above-mentioned goals, comprehensive reform is still needed in how IPR protection is implemented. Amendments of laws are only efficient if the judicial and administrative authorities put them into practice. The professionalisation and specialisation of the judicial system

through the establishment of the IP Courts and Tribunals, or the 2019 Trademark Law amendments, mostly didn't meet the expectations of legal experts because of the reforms' limited impact on the type of problems companies face on a daily basis. A lot of enterprises looking to invest in China still struggle with the unequal treatment of foreign companies, local protectionism in Tier 2 or 3 cities, widespread counterfeiting and bad-faith trademark registrations, to mention just a few issues. The judicial system cannot yet offer an efficient solution for everyone, as it is too costly and too slow for many small or medium-sized enterprises. China's ability to establish a world-class IP system that attracts innovative international investors will depend on how these issues are addressed. 

CHINA IP SME HELPDASK

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The **China IP SME Helpdesk** supports small and medium-sized enterprises (SMEs) from European Union (EU) Member States to protect and enforce IPR in or relating to China, Hong Kong, Macao and Taiwan, through the provision of free information and services. The Helpdesk provides jargon-free, first-line, confidential advice on intellectual property and related issues, along with training events, materials and online resources. Individual SMEs and SME intermediaries can submit their IPR queries via email (question@china-iprhelpdesk.eu) and gain access to a panel of experts, in order to receive free and confidential first-line advice within three working days.

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Note: To read the first installment of this series, *Building a Framework: The evolution of China's intellectual property protection system*, please see the November/December 2021 issue of *EURObiz*.

¹ See https://www.cnipa.gov.cn/art/2021/9/22/art_53_170293.html

COVID-19 Mitigation

Which location-based GNSS applications lasted in Asia and why?
by the **GNSS.asia Editorial Team**

The added value of global navigation satellite systems (GNSS)-based apps is highest when it is combined with other innovative technologies. Satellite navigation and positioning information has been critical in fighting COVID-19 all across Asia, when teamed with other technologies such as radio-frequency identification (RFID), Bluetooth, cell ID positioning, big data and fifth-generation mobile technology (5G). These unique combinations have been implemented across the continent, with uses ranging from quarantine monitoring and enforcement, information dissemination, assisting medical services and ensuring social distancing measures. This article by the **GNSS.asia Editorial Team** provides an overview of the different uses of GNSS, as well as which applications have lasted and why.



GNSS for quarantine monitoring and enforcement

The most extensive use of GNSS in quarantine monitoring and enforcement is in setting up a virtual perimeter for those in self-quarantine, through a process known as 'geofencing'. The location data is gathered from either a smartphone or other supporting device that will inform local authorities if somebody breaches their self-quarantine.

One notable example of a GNSS application for quarantine monitoring and enforcement emerged in South Korea, where the government made it mandatory for anyone entering the country to download the 'Self-quarantine Safety Protection Application' for their 14-day self-quarantine. The application connects those in quarantine with a designated case officer, who checks in with individuals twice a day. If someone violated the quarantine rules by either being detected leaving the virtual perimeter or by crossing their mobile phone at home, they were issued an electronic wristband tracker. However, use of the wristbands has been limited as the public in general observed self-quarantine measures dutifully.¹ The authorities now trace location through peoples' phone with their prior consent.

South Korea was not alone in introducing an application to enforce quarantine; similar measures have also been deployed in India, Singapore and Taiwan. One example of this is Quarantine Watch,

an app launched by the regional government of Karnataka in south India, which tracks the movement history of those placed under home quarantine.

GNSS for precautionary measures

In addition to these intensive follow-up measures, GNSS-based applications have also been used to support precautionary measures; for example, to help identify, map and tag congested places and locations where anyone who tests positive recently travelled. This data allows authorities to provide warnings on which places to avoid and at what time.

A sophisticated example of the use of GNSS for social distancing can be seen in China's HaiGe Smart Epidemic Prevention Management Platform. This system is a BeiDou-based system that allows hybrid indoor and outdoor positioning. This data provides details on the location history of infected patients, which is then used to facilitate real-time mapping of infection clusters and identifying potential hotspots, and advise users on areas to avoid and the best routes for commuting.

Another example is the Indian start-up Tsalla Aerospace's artificial intelligence (AI)-enabled drones for crowd surveillance, jointly developed with the United Kingdom-based Blockapps AI. During crowd surveillance, the technology detects patterns and anomalies, which it uses to calculate the number of people present in order to allow the police to assess whether they should get involved to disperse the crowd.

¹ Cho Mu-Hyun, *South Korea considers electronic wristband to enforce COVID-19 quarantine*, ZDNet, 7th April 2020, viewed 9th December 2021, <<https://www.zdnet.com/article/south-korea-considers-electronic-wristband-to-enforce-covid-19-quarantine/>>

The solutions developed in Asia have not just been deployed locally; for instance, some of the social-distancing measures developed in China are being used overseas. In March 2021, China's Qingyanxunke announced that their indoor personnel positioning and digital-asset tracking solution, released just 12 months previously, had been expanded to cover 33 cities around the world. The system uses a high-precision ultra-wideband positioning chip in a bracelet or work card to alert the wearer whenever s/he is too close to another person. The aim is to prevent the spread of the pandemic in public places by supporting effective isolation, social distancing and contact tracking.

GNSS for analytics and information dissemination

Satellite data has been combined with other technologies to support measures such as the location of both masks and local medical services. There are several examples of this throughout Asia, including Corona Map in South Korea, MapMyIndia in India, and the Pharmacy Locator Application in

Taiwan. During the early stages of the pandemic, many regions experienced mask shortages. To combat this, private developers created applications that could inform users

of the nearest locations that still had masks in stock, along with providing additional analysis on the local pandemic situation.

GNSS for health and medical treatment

A less common but lasting use of GNSS is in assisting medical services. GNSS-based applications were utilised in a variety of ways, including guiding unmanned aerial vehicles to enable large-scale disinfection, tracking the position of critically-ill patients, delivering food and medical supplies to those in need whilst minimising human-to-human contact, and transporting medical test samples.

The wider policy framework of COVID-mitigation applications

Although downstream GNSS applications have been critical in tackling COVID, public policy also must play a role in unlocking the potential of these technologies. Their success depends on the degree of monitoring and enforcement enabled by policy frameworks. The active use of GNSS combined with information technologies can significantly reduce the spread of pandemics, but communities differ in their standards on balancing safety and privacy, with a more mandated-monitoring approach being seen throughout Asia in comparison to Europe.

Changes in COVID mitigation efforts

The pandemic has brought fundamental changes to all our lives, with both big and small innovations emerging around us. Changes include the increased use of delivery applications to order food and other essential resources, the growing popularity of positioning in physical fitness applications, and much more. There has also been an increase in concerns over privacy all around the world. As governments become increasingly preoccupied with this, each faces unique challenges on how to balance innovation and freedom.

Conclusion

It is at times like the outbreak of a pandemic when the benefits of the EU Space Programmes (Galileo, Copernicus and EGNOS) and China's Beidou system become most apparent. Even though space technologies can seem quite distant, their downstream application can have a profound impact on the day-to-day lives of citizens around the globe. 

GNSS.asia is funded by the EU within Horizon 2020, the EU Framework Programme for Research and Innovation, under grant agreement no. 870296. Via a network of local representatives across Asia, supplemented with expert knowledge of local and wider technology trends, GNSS.asia continues to drive cooperation on GNSS technology across continents. The project has a significant outreach, including via workshops, industry seminars and roundtables, both in Asia and in the EU. To learn more, visit their website: www.gnss.asia.

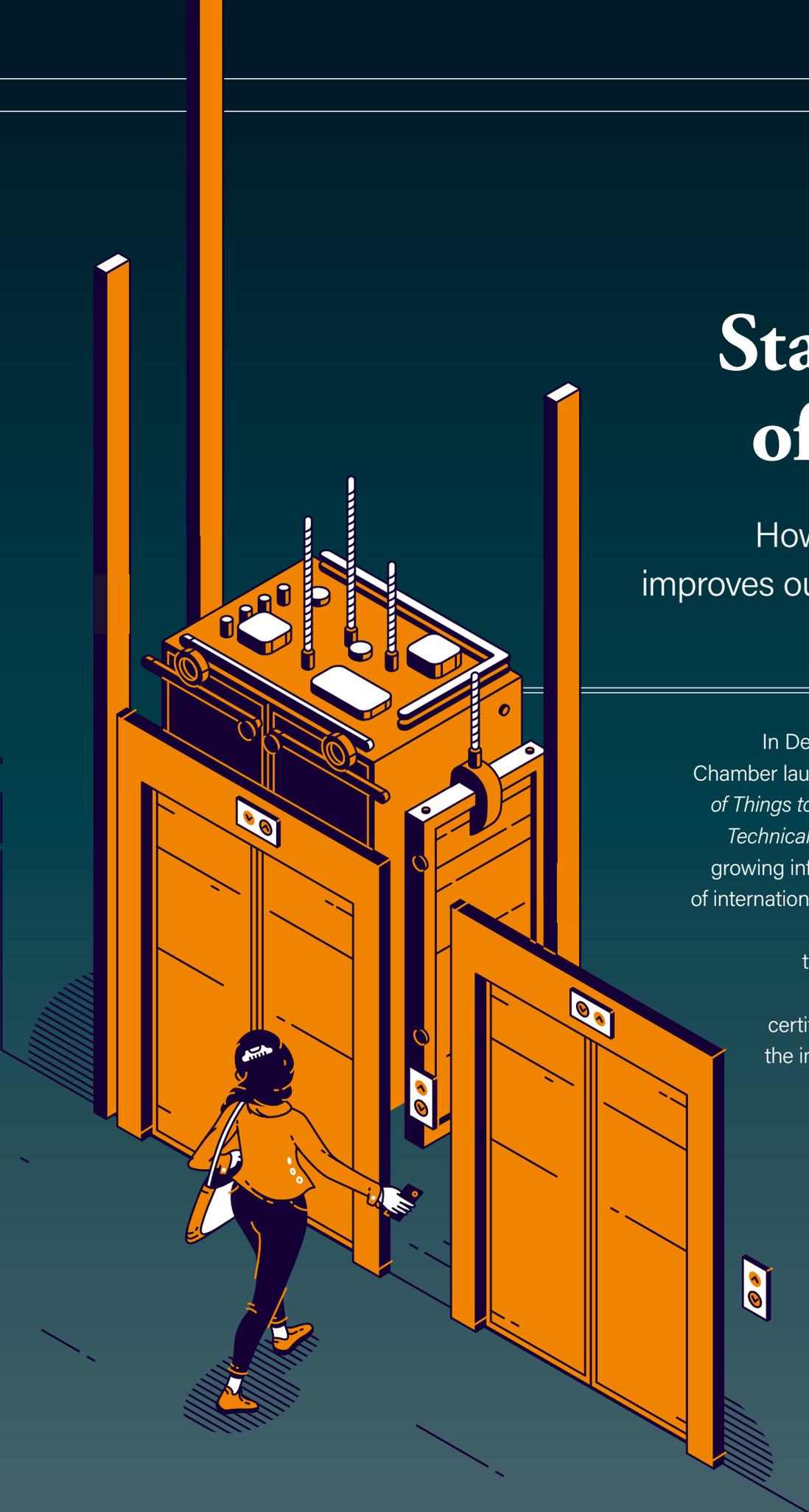
Note: This article is a summary of content presented by GNSS.asia in a panel discussion on 'The Impact of COVID-19 on GNSS' at the Munich Satellite Navigation Summit on 16th March 2021.



Standards of Living

How standardisation improves our quality of living
by **Simon Lemin**

In December 2021, the European Chamber launched its report, *The Shape of Things to Come: The Race to Control Technical Standardisation*, on China's growing influence on the development of international standards. **Simon Lemin** of **TÜV SUD**, who works in the world of standardisation, and testing, inspection and certification (TIC), here explains the importance of the sector, not just in China but globally.



Each morning as I leave my apartment in Shanghai, I open my door and know that I won't bump my head, as the national standard GB/T 5824-2021 defines the height of the doorframe. I press the button to call the lift and ride it down to the garage, knowing that GB 7588-2003 ensures that the lift doors will not crush me as I enter and exit. As I walk down the last few steps from the lift lobby into the garage, I know I won't trip, as the height of each step is defined in GB 50096. I get my bicycle and cycle to the office, knowing that the bike is certified against the international standard ISO 4210 and so will be safe for me to use. When I arrive in the office building, GB/T 35153-2017 ensures that I don't slip on the tiles in the lobby, and EN 16516 is responsible for guaranteeing that the rug I bought from Europe for my office doesn't emit benzene or formaldehyde.



STANDARDS

You usually don't even notice standards unless they're missing, yet they affect almost everything. Without them, paper wouldn't fit into printers (DIN A3, A4, A5), credit cards into wallets or containers onto ships. Sausages would constantly fall through the grates of the grill onto the coals and babies would choke on pacifiers they accidentally swallowed. Without standards, the same volume of international movement of goods—and globalisation as we know it—would be impossible.

Standards everywhere

The global pandemic has shown us all how necessary standards are. In 2020, when medical products and personal protective gear were in short supply in Europe, the European Committee for Standardisation and the European Commission developed relevant standards that they made available free of charge – such as EN 149, the standard for FFP2 protective masks. That meant European manufacturers were able to produce these goods quickly and in large

quantities, as specifications like EN 149 provided the necessary guidelines, and governments and consumers could trust the products.

Standards are globally considered a seal of quality and safety. Along with national standardisation organisations such as Germany's Deutsches Institut für Normung (DIN), there are also cross-border organisations such as European Standards (EN), and the International Organization for Standardization (ISO), which promotes consistency among international standards. The more abbreviations a standard uses—DIN, EN, ISO—the more organisations it has been verified by. Independent third-party TIC companies ultimately verify whether or not a product fulfils the requirements of the respective standard or standards.

Digitalisation is putting pressure on standards overall in this regard, since there currently aren't many that are suitable for a lot of the new technologies. Today's economy

needs solutions for cybersecurity, blockchain, artificial intelligence (AI) and self-driving vehicles. It also needs to regulate interfaces for power grids that communicate with industrial items like machines or plant-systems, or household facilities such as air conditioners, heaters or refrigerators.

However, developing uniform testing methods and standards is a long and difficult process. For automated driving, for instance, there are still too many unanswered questions: Who is liable in the event of an accident? What happens if an autonomous vehicle must decide between hitting an old woman or a baby pram? The formation of technical standards must be preceded by a social and legal consensus on the issue, and currently society and politicians are still in the middle of these ethical and moral discussions.

A marathon, not a sprint

At the same time, the development and enforcement of globally-synchronised standards will determine the acceptance of technologies among manufacturers and consumers. A number of TIC companies have therefore founded the International Alliance for Mobility Testing and Standardisation (IAMTS). Research is also underway on how AI can be made safer, as well as not violating the fundamental rights of users, such as the right to privacy or equal treatment. This is important basic research: even for less complicated products, every standardisation process is more of a marathon than a sprint.¹

For example, in order to chaperone the process from an idea through to a finished standard, DIN has put together a network of 33,500 experts from business, science and research, consumer representatives and public



authorities to discuss the pros and cons of each new standard before DIN recommends its application. Take the safety of school backpacks: the manufacturers of fluorescent and luminescent coverings sit face-to-face with consumers and independent TIC companies that can test whether the backpacks actually reflect light in street traffic. Even the wording in supposedly insignificant documents is haggled over in such meetings. The holy writ for such questions is DIN 820-2, which regulates how a standard must be structured, designed and written.

The battle of the standards

The world is becoming increasingly complex these days, and standards certainly help simplify certain aspects. They've become irreplaceable for businesses, since the time of industrialisation. There were 25 variants for the valve of a steam locomotive at the turn of the 20th century – something that would be unthinkable today. And yet the

criticism of standards never stops. “A common reproach,” writes technology historian Günther Luxbacher in a book about the DIN, “is that standards homogenised everyday life, that they ‘turned the variety of life’s beauty into a dreary sameness’.”

A more serious accusation is that standards can be abused to make trade more difficult. So-called ‘non-tariff trade barriers’, like technical standards, that apply in target markets can impose expensive conformity or approval procedures on companies hoping to export their products – or even block them from the market entirely. Back in the 1930s, the American car manufacturers Ford and General Motors tried to introduce the American measurement system of feet and inches into the Ford and Opel factories in Germany. Similar disputes arose a few years ago between Germany and France regarding the charging plugs of electric cars: no uniform standards had been created and the French were bitterly opposed to the German plug configuration. It wasn't until 2014 that the European Commission put an end to the dispute when it pushed through the ‘Type 2 plug’ standard, developed by the company Mennekes – a decision that set champagne corks popping at the firm.

The new power of standards

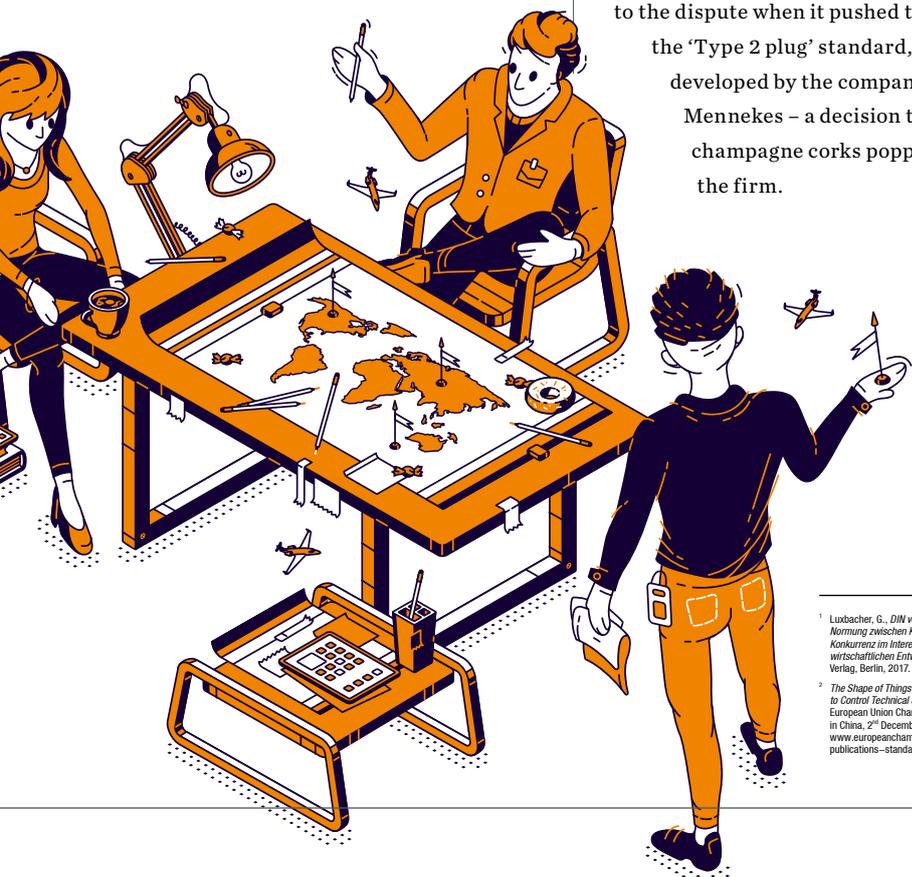
To this day, European carmakers have to adjust their products to American standards, whether it be the colour of indicator light or the characteristics of the windshield wipers. At the same time, foreign companies need to overcome similar standardisation hurdles in Europe as well. China represents another powerful player that has recently entered the standards arena. As noted in the European Chamber's report: “China's rapidly growing footprint in international technical standardisation is of particular significance given that its approach to standardisation is distinct from European and international practice.” While the Chinese previously acted more as observers, the report also notes that “internationally, China has made considerable efforts to increase its influence in standard setting in recent years.”² Alongside China's involvement at the ISO in Geneva, where it wishes to add its contributions to global standards, this growing activity shows us that China's strategic goal is to blanket large parts of the global economy with their own standards. While international/corporate competition used to be over patents, standards are now considered more important than protecting individual technologies that may ultimately prove unsuccessful. The aforementioned plug for the electric car is just one example, but everything else in the industry is connected to it, including the cars, the infrastructure of the charging stations and the energy suppliers. The same scenario is being played out with numerous technologies across numerous industries. 

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Simon is also an active member of the European Chamber's Energy Working Group and the Environment Working Group in Shanghai.

¹ Luxbacher, G., *DIN von 1917 bis 2017: Normung zwischen Konsens und Konkurrenz im Interesse der technisch-wirtschaftlichen Entwicklung*, Beuth Verlag, Berlin, 2017.

² *The Shape of Things to Come: The Race to Control Technical Standardisation*, European Union Chamber of Commerce in China, 2nd December 2021, <<https://www.eurochamber.com.cn/en/publications-standardisation-report>>



The Shape of Things to Come

The race to control technical standardisation

Technical standard setting has emerged in recent years as one of the key battlegrounds in the struggle among states to gain dominance in high technology sectors. While the core competition is between the People's Republic of China (PRC) and the United States (US), there are serious implications for the European Union (EU) and European enterprises as well.

China's rapidly growing footprint in international technical standardisation is of particular significance given that its approach to standardisation is distinct from European and international practice. This is one of several factors that is leading to increased politicisation of technical standardisation, which has raised the risk of bifurcation, fragmentation and decoupling of standards internationally.

Domestically, China is undergoing standardisation reform, which has seen its system go from being state-controlled to one that is state-centric. Standards that used to be negotiated exclusively within state institutions are now developed in both state and market tiers.

While this is an improvement, it means that direct and indirect mechanisms of state influence continue to exist in standard setting, with China's industrial policy exerting a strong influence over the direction standards take.

In some respects, the reform has provided more opportunities for European firms to shape standard setting in the PRC, with a significant share already participating. This is particularly true for sectors such as civil engineering and construction, petrochemicals, and information and communication technology (ICT). However, opportunities continue to be relatively limited.

A survey of European Chamber member companies and subsequent in-depth interviews with respondents indicate that, in order to influence domestic standard setting in China, a combination of the following is required: standardisation expertise; investments in local research and development; good government contacts; a sound corporate reputation; Chinese language skills; reasonable market share and company

size; early commercialisation of innovation; collaboration with influential Chinese companies in joint ventures; efficient internal coordination; a long business history in China; knowledge of the Chinese standardisation system; and openness to dialogue with Chinese actors.

While a foreign company's ability to be involved in and shape technical standard setting in China varies across different sectors of the economy, nine distinct challenges exist:

1. formal barriers to participation in domestic standards working groups;
2. informal rules restricting the share of foreign-invested enterprises' (FIEs') voting rights;
3. exclusion from information coordination;
4. restricted access to technical leadership positions;
5. lack of information and transparency;
6. high participation fees;
7. monopolistic market structures due to preferential treatment;



8. hidden political agendas that impact standardisation; and
9. a lack of intellectual property protection.

Internationally, China has made considerable efforts to increase its influence in standard setting in recent years. While the country is not yet dominating international standardisation, it has made significant advances. This can be quantified by six indicators: 1) China's increased share of leadership positions in standardisation organisations; 2) its participation in international standardisation; 3) the number of contributions to standards by China / or the number of Chinese standards contributed; 4) its share of standard essential patents; 5) qualitative descriptions from international standard experts; and 6) the increasing role of technical standards in Belt and Road Initiative (BRI) projects.

China's growing footprint in international technical standardisation is somewhat natural given its increasing economic power and gains

in innovation capacity. The strategies China adopts to increase its influence are also not radically different from those of western states. Where China differs is that the systematic support of the authorities (not least material resources) has put Chinese actors in advantageous positions and helped them gain ground in international standard setting.

While the EU maintains a vital interest in China's integration into international standard developing organisations (SDOs), China's growing influence presents challenges to the current predominant model of technical standardisation, which is private, voluntary and self-regulatory in nature. As mentioned previously, one such challenge is the growing risk of a bifurcation of international standardisation, not least in the context of the BRI. This divergence in approaches, the increased politicisation of standard setting and the EU's dwindling influence in standardisation present the three main challenges for Europe and beyond, and require swift and determined action from the EU and European companies.

China's recently published standardisation strategy is indicative of the future direction the country will take in this realm. It outlines China's ambition to engage even more in international standard setting. This includes raising the importance of participation in international SDOs and the promotion of Chinese standards abroad, as well as attracting international standard-setting consortia. The strategy also promises to further open domestic standard setting to FIEs. However, despite the market being allowed to play a stronger role, China's state-centric approach to technical standardisation will persist for the foreseeable future.

These developments are of crucial importance to European firms.

The combination of the size of the Chinese market and its increasing competitiveness not only makes it necessary for FIEs to be involved in standardisation, but also increases the impact that Chinese standardisation practices and strategies will have on business. The European Chamber's *Business Confidence Survey 2020* found that 37 per cent of respondents participate in government-led standardisation in the PRC. In the targeted survey carried out for this study, almost 87 per cent of the responding standardisation experts from European companies characterise technical standards as "very important" or "important" with regard to their company's investment opportunities in China. The future of Chinese standard setting will therefore clearly have a significant impact on EU-China economic relations.

This joint report by the European Chamber and the Swedish Institute of International Affairs and the Swedish National China Centre summarises the basic characteristics of technical standardisation, explores the political potential of standards, explains how China's state-centric standardisation approach deviates from the European one, outlines China's international standardisation activities and carves out the implications for European policy and business. It ends with recommendations for the EU, the Chinese Government and European businesses. [36](#)



To download *The Shape of Things to Come: The Race to Control Technical Standardisation*, scan the QR code.



20 Years of China in the WTO

The European Chamber Annual Conference 2021



HE Nicolas Chapuis

Ambassador of the European Union to China



While the message from China is that it has met all of its commitments of accession, other members made it clear that China needs to not just align to the letter of its commitments but also the spirit of accession in 2001.”



Pascal Lamy

Former Director General of the WTO



China overall abided by the commitments it took when it joined. It did not always do that, but when it didn't, it was taken to dispute settlement in some cases.”

The European Chamber held its annual conference in Beijing on 9th December, themed '20 Years of China in the WTO'. As Chamber President Jörg Wuttke said in his opening address, the 20th anniversary of China joining the World Trade Organization (WTO) is very significant to the Chamber, which was created partly to monitor China's adherence to its commitments. He said he remembered Pascal Lamy, then Commissioner for Trade of the European Commission and who went on to serve as secretary general of the WTO from 2005 to 2013, saying how he wanted to meet with European business segments in China, not countries – hence the inspiration for the European Union Chamber of Commerce in China.

The first speaker of the evening was HE Nicolas Chapuis, the ambassador of the Delegation of the European Union (EU) to China. Ambassador Chapuis noted that 20 years ago, when he was the French consulate general in Shanghai, he received multiple delegates from France every week, all of whom were astounded at the scale of development underway in China. He added that now the question is whether China will stay in the WTO. The ambassador also mentioned China's recent trade policy review at the WTO, saying that while the message from China is that it has met all of its commitments of accession, other members made it clear that China needs to not just align to the letter of its commitments but also the spirit of accession in 2001.

Following the ambassador's address, President Wuttke introduced Mr Lamy himself as the keynote speaker, who addressed the conference by video from Paris. Mr Lamy said that overall he felt China had abided by its accession commitments. Where it did not, it was dealt with through the dispute arbitration courts, or the issues concerned areas on which the WTO rule book was weak. Mr Lamy acknowledged that the WTO needs to reform in some areas, such as digital trade, but that China should be involved in this reform. He noted that the United States (US) has withdrawn from engagement in this reform, and called on both the EU and China to work on getting the US re-engaged. He said: "For [reform] to happen, we need the big players to go back to the table."

Another major figure in the negotiations on China's accession was Charlene Barshefsky, who was the US Trade Representative in 2001. She also participated digitally in the Chamber's Annual Conference, though, due to time-zone difficulties, in a pre-recorded video interview with President Wuttke. Ms Barshefsky praised Premier



Charlene Barshefsky

Former US Trade Representative



There is no question that the US financial meltdown, which became a global financial meltdown, demonstrated [...] that the US had mismanaged economically its own economy, and to a large part, the global economy.”



Jörg Wuttke

President, European Chamber



The 20th anniversary of China joining the World Trade Organization (WTO) is very significant to the Chamber, as it was created partly to monitor China’s adherence to its commitments.”

Zhu Rongji for the role he played in getting the deal on China’s accession over the line, saying his “intellect and foresight were the driving factors” in reassuring the Chinese side of the potential benefits of WTO membership. She expressed her belief that the 2007/8 economic crisis had a major impact on China’s trust in the market economy system, saying there was “no question that the US financial meltdown, which became a global financial meltdown, demonstrated [...] that the US had mismanaged economically its own economy, and to a large part, the global economy”. She said that the economic crisis led to such instability in the US that it increased China’s mistrust in the market economy model, and the subsequent withdrawal of the US from the global economy helped to cement a system in China that was antithetical to the market-based norm.

The conference also featured two panels, the first of which focussed on ‘20 Years of the WTO: China and the WTO’, covering topics such as China’s implementation of its accession commitments and how China joining the WTO has impacted the global trade system. One panellist compared China’s membership of the WTO to a marriage: in the beginning, both sides are infatuated and everything seems perfect, but when the seven-year itch sets in (the 2007/8 economic crisis), little things about the other side become annoying, but as these differences are not irreconcilable, the relationship can endure if both sides make the effort. All panellists agreed that WTO membership was a major factor in China’s economic development as well as global economic growth, while the arrival of foreign enterprises in the Chinese market led to the improvement of the regulatory framework and the business environment. There was some disagreement on the degree to which China had fulfilled its commitments, with the 900 recommendations in the Chamber’s *Position Paper 2021/2022*

held up as an indication that difficulties remained in many areas.

The second panel was themed ‘WTO Reform: Revitalising the Multilateral Trading Mechanism’, and looked at the need for changes to the WTO—bearing in mind the challenges the global economic landscape is undergoing, due to the rise of unilateralism and protectionism, and the lasting impact of the pandemic—and China’s potential role in this reform. There was a general consensus that the current situation with the WTO was unsustainable – with the dispute court hobbled and the apparent unwillingness of the US to re-engage and amend the system. In addition, rapid technological advancements over the past two decades have transformed trade and economies, meaning that the WTO rule book does not cover, or is weak on, many aspects of e-commerce and digital services/trade. The question of whether plurilateral trade agreements, such as the Regional Comprehensive Economic Partnership, would further de-establish the authority of the WTO was raised. While some panellists said the lack of reform to the WTO made such agreements necessary, others proposed that wide-ranging plurilateral agreements could in fact assist in resolving issues that were currently blocking reform of the WTO.

To bring the conference to a conclusion, European Chamber Secretary General Adam Dunnett gave a quick summary of the main points of the event’s speeches and panel discussions. He noted that when European businesses talk about challenges they face in China, they are often the same issues as 20 years ago, such as forced technology transfers, negative lists and inadequate intellectual property protection, among others. SG Dunnett urged businesses to continue to speak up about such challenges through the Chamber’s working groups and publications such as the *Position Paper* in order to maintain pressure on such market access barriers. 

Media Watch

Chamber meeting with MOFCOM minister seen as win for EU-China relations

On 19th October, European Chamber President Jörg Wuttke led a delegation to meet with Minister Wang Wentao at the Ministry of Commerce (MOFCOM), which was the first foreign business delegation the minister has received in person since the outbreak of COVID. A *South China Morning Post* article described the meeting as the latest effort to boost EU-China bilateral relations as they “hit their lowest point in decades”. The Chamber delegation called for “promoting bilateral business between Brussels and Beijing” as well as “continuing to improve the business environment”. In addition, MOFCOM’s reaction to the Chamber’s concern over China turning inward was outlined in the article. Minister Wang told President Wuttke that China is not pursuing a closed economy, but a more open system under its ‘dual circulation’ strategy, which aims to unleash domestic consumption while providing foreign investors more opportunities to operate in the world’s number two economy.

President Wuttke takes part in exclusive interview on EU-China relations

Following the launch of the *European Business in China Position Paper 2021/2022*, President Wuttke had an exclusive interview with Chinese state-run media *Economic Daily*. On future cooperation between Europe and China, he said: “There are a lot of areas where Europe and China can cooperate, whether it is trade and commerce, investment, climate change or biodiversity.” President Wuttke added that China and the EU had signed the Agreement on Geographical Indications last year, noting that this issue had not even been agreed on between the EU and the United States. He said more constructive agreements are needed between Europe and China to further unlock the potential of their economic and trade cooperation, emphasising that the European Chamber is willing to make continuous efforts to this end.

Economy / Global Economy

China-EU relations: Beijing calls on European business group to help ‘clear up doubts’ tarnishing economic relations

- Commerce minister Wang Wentao met with Joerg Wuttke, president of the European Union Chamber of Commerce in China, to discuss China-EU economic ties
- Wang reassured European firms that China was not closing its economy under ‘dual circulation’ and was committed to providing more investment opportunities



By Wuttke@eu-chamber.com

Article on Chamber’s meeting with MOFCOM Minister Wang Wentao

Media: *South China Morning Post*

Date: 21st October 2021

中国欧盟商会主席伍德克：中欧高水平开放更为重要

2021年11月30日 05:49 来源：中国经济网-《经济日报》 本报记者 马融宇 陈希蒙

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Exclusive interview with President Wuttke on EU–China trade relations

Media: *Economic Daily*

Date: 30th November 2021

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在上海开展的这项重要试点，受到来自中国欧盟商会的“点赞”

2021年11月29日 08:21 来源：中国经济网

Article on Chamber’s successful advocacy regarding cargo relay resulting in Shanghai pilot

Media: *China News*

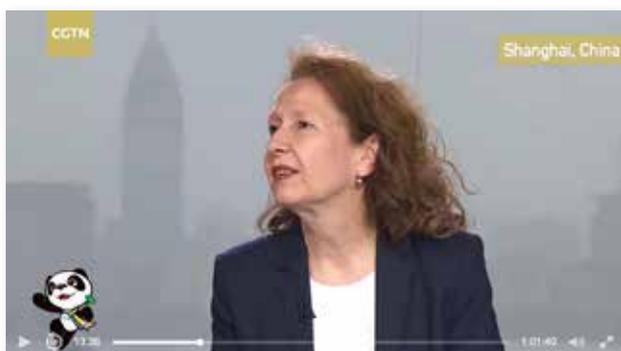
Date: 20th November 2021

Chamber's advocacy success story covered by Chinese media

The announcement of a cargo-relay pilot for foreign-flagged vessels at Yangshan Port in Shanghai by the State Council on 18th November was warmly welcomed by the European Chamber, which considers the move a major advocacy success in 2021. In an article by *China News*, President Wuttke was quoted as saying, “This seems to be a meaningful step towards opening up the maritime industry in China to foreign participation, and creating more reciprocal market access terms between Chinese carriers in the EU and EU carriers in China. Furthermore, it will reduce the carbon footprint of ocean transport.”



Southwest China Chapter's *Position Paper* launch event
Media: *Chongqing & The World*
Date: 4th November 2021



VP Schoen in a live interview during the CIIE
Media: *CGTN*
Date: 5th November 2021

VP Schoen joins live CGTN programme on CIIE

On 5th November, European Chamber Vice President (VP) Bettina Schoen joined *CGTN*'s live programme on the fourth China International Import Expo (CIIE). She shared her thoughts on China's opening up and the impact of the CIIE on European business in China. VP Schoen also noted that China's 'zero-COVID' policy had prevented many international exhibitors from joining the CIIE in-person. She stressed the importance of loosening travel restrictions for business people, because they have to be in China to see what's really going on and get a better understanding of the world's second largest economy. Regarding the benefits of the CIIE for European companies, VP Schoen said they value the opportunity to showcase their cutting-edge technologies directly to Chinese consumers.

Chongqing & The World welcomes *Position Paper* launch

On 3rd November, the Southwest China Chapter launched the *Position Paper 2021/2022* in Chongqing, with a keynote speech delivered online by President Wuttke. Local media *Chongqing & The World*, the city's international publicity channel, attended the event and released an article based on the Chamber's press release. The article noted that European enterprises in China still perform well on the whole, and continue to invest in the market. It also said that the China market will welcome European companies involved in green energy and environmental services.

Southwest China chair interviewed by local English media

iChongqing interviewed Massimo Bagnasco, Chamber VP and chair of the Southwest China Chapter, to mark the local launch of the Chamber's annual *Position Paper*. VP Bagnasco said deep and close cooperation between Europe and China was possible. "If we work together, we can be faster, more efficient, and effective." The article also reported the European Chamber's concern that China's 'dual circulation' strategy may pose an obstacle to European businesses: "Understandably, China highlights 'internal circulation' against the backdrop that the COVID-19 pandemic still sends shudders across the world, and the economic outlook outside China does not look particularly optimistic at the moment. In fact, China still needs to work with the world to strengthen its financial resilience."



Exclusive interview with VP Bagnasco at *Position Paper* launch
Media: *iChongqing*
Date: 7th November 2021

Events Gallery

BEIJING, 24TH NOVEMBER 2021

Interpretation on Measures on Security Assessment of Cross-border Transfer of Personal Information (Draft)



- The types of data that have to be localised are a) those already restricted under existing laws and regulations; and b) those without a high necessity of cross-border data transfer.
- Data classification includes 1) core data (not a concern for enterprises); 2) important data (allowed cross-border, with some restrictions); and 3) normal data.
- Anonymisation of data is the process in which enterprises remove any connections between people and their personal details.

SHANGHAI, 16TH NOVEMBER 2021

China Investment Conference 2021: Made in China 2025, Review and Outlook



- The Chinese Government launched Made in China 2025 to pursue intellectual property (IP) acquisition in order to catch up with—and then surpass—Western technological prowess in advanced industries.
- European governments and companies need to take measures—in terms of policy, regulations, cross-border cooperation and collaboration, and technology development—to protect their IP and to stay competitive
- Rising local demand, high-value-added transformation and customisation have become trends, while environmental requirements and value-chain upgrades pose challenges for the manufacturing sector in China.

BEIJING, 2ND DECEMBER 2021

Report Launch - The Shape of Things to Come: The race to control technical standardisation



- Although developing standards through consensus among a broad set of stakeholders would provide the most universal value, countries and companies can gain greater individual economic benefit if they can impose their own standards globally.
- According to the European Chamber's *Business Confidence Survey 2020*, 37 per cent of respondents indicated that they participated in standardisation activities in China.
- China has become one of the key markets outside of the European Union where European companies dedicate resources to standardisation.

SHANGHAI, 1ST DECEMBER 2021

China Outlook 2022 Conference: 20 Years of China in the WTO



- With navigating China's business environment becoming increasingly difficult, continuing COVID travel restrictions and new tax policies for foreign nationals, there are fears that China is becoming a world unto itself.
- The European Chamber is increasingly concerned over the divergence of China's data protection framework from the rest of the world, which makes it increasingly difficult for European companies to meet their compliance obligations.
- With China's ambitious pledge to reach carbon neutrality by 2060 at the forefront of its economic development, it is more crucial than ever to resume EU-China collaboration.

TIANJIN, 25TH NOVEMBER 2021

Current International Shipping Trends and Impact on Tianjin Port



- As raw material prices rise, shipping prices are unlikely to see a dramatic drop in the next two to three years, but supply and demand will gradually balance out.
- Companies are recommended to sign long-term shipping contracts to control costs, instead of looking for better market prices based on bookings.
- On-time rates will continue to be full of uncertainties in 2022 due to a global shortage in port employees.

SOUTHWEST CHINA, 3RD NOVEMBER 2021

Southwest China Chapter Position Paper 2021/2022 Launch



- This is the 20th edition of the *European Business in China Position Paper*, which coincides with the 20th anniversary of China's accession to the World Trade Organization.
- As a national development strategy, the construction of the Chengdu-Chongqing economic circle will bring strong development opportunities.
- With the increasing number of European Chamber members in Southwest China, both European and Chinese enterprises will have more room for development in the region.

SOUTH CHINA, 10TH - 11TH NOVEMBER 2021

South China Chapter Position Paper 2021/2022 Launch



- The main message of the *Position Paper 2021/2022* is that the European Chamber is concerned about China turning inwards.
- Regarding decarbonisation, some companies are rethinking additional investment in China and instead looking at other markets where they can access renewable energy.
- Regarding Greater Bay Area (GBA) development, only 41 per cent of South China Chapter members are satisfied with the level of public information available, and not a single member reports finding useful information on the GBA on government websites.

NANJING, 2ND DECEMBER 2021

2021 8th Corporate Social Responsibility Awards Ceremony



- **Winners:**
Excellence in Environment Conservation (National): EnviroVest Industrial; **Leadership in CSR & Sustainable Growth (National):** BSH Home Appliances Holding (China); **Leadership in CSR & Sustainable Growth (Regional):** BASF-YPC; **Excellence in Carbon Neutrality (Regional):** Philips (China) Investment; **Excellence in Environment Conservation (Regional):** University of Nottingham, Ningbo, China; **Excellence in Carbon Neutrality (National):** Signify (China) Investment; **NGO/Social Enterprise – Excellence in Social Innovation:** Netspring Programs, operated by Shanghai Yiquan Social Enterprise Ltd; **Special Award – Excellence in Women Empowerment:** SAP Labs China

Advisory Council News

Infineon recognised as one of world's most sustainable companies for 12th time

15th November 2021, Munich – Infineon Technologies AG is one of the most sustainable publicly-listed companies worldwide; for the 12th time in a row, it has been included in the Dow Jones Sustainability World Index and in Dow Jones Sustainability Europe Index.

“Infineon has been included for the 12th time in a row in the group of the world's most sustainable companies. That honours our continuous work in the interest of climate protection,” says Constanze Hufenbecher, chief digital transformation officer.

As a leading manufacturer of semiconductors for power electronic systems, Infineon significantly contributes to energy efficiency across the entire energy chain. Infineon is also committed to climate protection in its own business operations, and aims to have 100 per cent carbon neutral operations from 2030. Pursuing this goal, the company in 2021 completed switching its entire power consumption in Europe to generation from renewable energies.

Infineon is actively involving its employees and management in the company's sustainability strategy. The variable remuneration component for the management board, for example, also depends on progress made in achieving

environmental, social and corporate governance sustainability goals.

Nokia set sights on 100 per cent green electricity by 2025

12th November, Espoo, Finland – Nokia has called for accelerated digitalisation and green energy uptake, as well as setting its sights on 100 per cent renewable electricity in its own operations by 2025.

The announcement follows the gathering of world leaders in Glasgow, Scotland, for the United Nations Climate Change Conference (COP26). Nokia President and chief executive officer Pekka Lundmark joined political, business and civil society leaders at the conference calling for an acceleration in the uptake of green technology to reach net zero.

Nokia is now targeting 100 per cent

purchased electricity from renewable sources by 2025 to power its offices, research and development labs, and factories. While renewable energy is not currently available in all 120 countries where Nokia operates, the company will work with the broader ecosystem to drive greater uptake of sustainable electricity.

Digitalisation is critical for making industries more sustainable – resulting in less waste, more resource efficiency and greater productivity. For instance, in the energy sector, digitalisation can help wind farm operators automate offshore facilities, allowing them to operate more productively. Significantly, while recent research suggests the COVID-19 pandemic speeded up digitalisation by an average of six years, the greater part of the world's economy still lacks access to key technologies.

Nokia has already committed to reducing its emissions by 50 per cent across its value chain, including own operations, products in use, logistics and final assembly supplier



Photo: nokia.com

factories by 2030. With 90 per cent of Nokia's emissions coming from customer use of products, the company continually invests in improving product energy efficiency – even as capacity grows.

Bureau Veritas launches BV Mark to help clients enhance end-consumer trust



Photo: group.bureauveritas.com

17th November – Consumers are increasingly demanding transparency, and may dismiss the products—and the companies that own them—that do not deliver this. Therefore, brands need the seal of independent trusted third parties with unrivaled expertise in their field. To support clients needs in this regard, the Consumer Products Services division of Bureau Veritas has developed two BV Mark schemes. These will be displayed on multiple types of products, including softlines, hard goods, electrical goods and electronics, personal care items and cosmetics, healthcare and wireless devices.

Bayer invests EUR 100 million in sustainable health products

1st December, Basel, Switzerland – Bayer announced that the company will invest euro (EUR) 100 million to further enable sustainable innovation, production and

consumption of its consumer health products, which include global brands such as Aspirin, Bepanthen, Claritin and Elevit. This investment, which equates to two per cent of the division's sales, will help enable Bayer to drive the sustainable use of the company's products and create a world where people can live healthier lives.

“The climate crisis impacts every family around the world, particularly those in underserved communities and is one of the biggest global health threats of our time,” said Heiko Schipper, member of the Board of Management, Bayer AG, and president of Bayer's Consumer Health Division.

Over the past 20 years, climate change has been a cause of a growing number of chronic diseases and other health issues, disproportionately impacting vulnerable populations including children, the elderly, minorities and those in poorer communities. With its vision of “health for all, hunger for none,” Bayer is committed to climate action, both for the sake of the planet and to improve people's lives.

Bayer has a three-pronged science-based action plan in line with the company's science-based targets to be climate neutral by 2030 and net zero by 2050: 1) prioritise sustainable brands, products and packaging; 2) urge collective action; and 3) turbocharge commitment to net zero.

Philips' breakthrough spectral CT imaging system joins the interventional suite

24th November, Amsterdam, The Netherlands – Royal Philips, a global leader in health technology, unveiled its vision for interventional medicine by bringing its breakthrough spectral CT imaging technology into a hybrid Angio CT suite. By combining the company's



Photo: usa.philips.com

unique Spectral CT 7500 system and its image-guided Azurion with FlexArm platform in a single interventional suite solution, Philips aims to give minimally-invasive treatment specialists immediate table-side access to these two key imaging modalities so they can perform procedures requiring both CT and angio guidance in one room.

For the development of this integrated solution, Philips is closely collaborating with leading clinical institutes such as Mayo Clinic and Baptist Health's Miami Cardiac and Vascular Institute in the United States.

The goal of combining the first-of-a-kind Spectral CT 7500 with the Azurion platform is to provide a seamless workflow environment in which all the necessary imaging modalities are available directly at the patient table, fully controllable from the tableside work spot. When not in use, each modality glides smoothly away from the patient table, giving the interventional team unrestricted access to the patient. Each system can work stand-alone if required. The system eliminates the need to move the patient from one imaging suite to another. For patients, it means their physicians can leverage the strengths of both systems during a single procedure. 

Tell Us Your Big News

European Chamber members are welcome to add news items on their own activities to our website, and share it with all our other 1,700 members.

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Listed in alphabetical order.

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The Chairs and Vice Chairs are responsible for carrying out the working group's overall leadership through hosting working group meetings, leading advocacy meetings, co-leading on the annual *Position Paper*, recruiting new members and representing the group in front of media.



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