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April 07, 2024 -- April 12, 2024

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# CHINA OBSERVATION

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## **China to strengthen capital market regulation, risk prevention**

China's State Council has released a guideline on strengthening regulation, forestalling risks and promoting the high-quality development of the capital market. The country should build a secure, regulated, transparent, open, dynamic and resilient capital market, the guideline noted. This is the third guideline document on the capital market from the State Council in two decades. The first two were issued in 2004 and 2014, respectively. The guideline demanded strict regulation on the entry into the capital market through securities issuance and listing, urging higher standards for listing on the main boards and the start-up board ChiNext. The oversight on issuance and underwriting should be intensified, and illegal activities such as fraudulent issuance should be investigated strictly, it said.

April 12, 2024

## **Financial aid backs equipment renewal**

China will offer 'strong' financial support to promote the large-scale renewal of equipment and the trade-in of consumer goods, and fiscal support from the central government will focus on key areas like new energy vehicles, said officials from the country's top industry regulators. They made the remarks as several ministries have launched detailed implementation plans for driving standards, industrial equipment and infrastructure recently, after the State Council released in March an action plan for large-scale equipment updates and consumer goods trade-ins to drive consumption and green transformation.

April 12, 2024

## **Volkswagen invests 2.5B euros to expand innovation hub in China**

Volkswagen Group China announced that it will invest 2.5 billion euros (about 2.68 billion U.S. dollars) in the expansion of its innovation hub in Hefei, the capital of east China's Anhui Province, to increase its pace of innovation in China. The investment will also be used to accelerate the production of two Volkswagen-brand smart electric vehicles, which are currently under joint development with Chinese manufacturer XPENG. 'This additional investment in the site underlines our ambition to quickly expand our local innovative strength,' Chairman and CEO of Volkswagen Group China Ralf Brandstätter said, adding that the hub in Hefei will bring technologies to market approximately 30 percent faster in the future. By 2030, Volkswagen will offer over 30 all-electric vehicle models in the Chinese market, with production of its first model developed in cooperation with XPENG scheduled to begin in 2026.

April 12, 2024

## **NetEase Inc renews game partnership with Blizzard**

Chinese internet company NetEase Inc has renewed its partnership with United States-based online game company Blizzard Entertainment to bring the latter's popular game services back to China this summer. The move will provide high-quality games for Chinese internet users and bolster the domestic gaming industry's development and prosperity. Following yearlong discussions, the two companies said in a statement on Wednesday that they were pleased to renew a partnership that would benefit players in China. Their renewed partnership will encompass games that Chinese players had access to under the previous one, including World of Warcraft and Hearthstone.

April 11, 2024

## **China, US, EU reach new consensus on cooperation on consumer product safety**

They agreed to build common standards, deepen common supervision, focus on common protection of consumer rights and interests at the 8th China-US-EU Trilateral Summit on Consumer Product Safety in Hangzhou. The meeting was co-hosted by the General Administration of Customs (GAC), the U.S. Consumer Product Safety Committee, and the Directorate-General for Justice and Consumers of the European Commission. Joint action will be taken to make full use of existing cooperation frameworks for the protection of the health and safety of consumers, guided by new consensus on seeking international standards, pooling regulatory efforts, and enhancing risk information sharing.

April 11, 2024

## **China to lift foreign ownership limit in value-added telecom services in pilot areas**

The value-added telecom services will include internet data centers, content delivery networks and internet service providers, online data processing and transaction processing, information publishing platforms and information delivery services excluding services related to internet news information, online publishing, internet radio and television, internet culture management, and information protection and processing services, according to a circular released by the Ministry of Industry and Information Technology. The pilot areas are Beijing's national comprehensive demonstration zone for expanding opening-up in the service sector, Lingang new area of the China (Shanghai) Pilot Free Trade Zone and the pioneer area for socialist modernization in Shanghai, Hainan Free Trade Port, and Shenzhen pilot demonstration area of socialism with Chinese characteristics, according to the circular.

April 10, 2024

## **Chinese border region not affected by radiation source in Russian city: Authorities**

China's National Nuclear Safety Administration on 10 April said that a 'radioactive contamination source' found in the Russian city of Khabarovsk has not affected the neighboring Chinese region. In a statement, the agency said that environmental authorities in northeast China's Heilongjiang Province have been paying close attention to the issue since the identification of the source on April 5 in Khabarovsk. The statement said that over the past few days, atmospheric radiation monitoring facilities in Heilongjiang have been monitoring the gamma radiation dose rate in real time and aerosol samples have been collected.

April 10, 2024

## **Xi Jinping meets Ma Ying-jeou in Beijing**

Compatriots from both sides of the Taiwan Strait belong to the same Chinese nation, Xi said. The over-5,000-year history of the Chinese nation saw successive generations of ancestors move and settle down in Taiwan and people from across the Strait fight side by side to recover the island from foreign invaders, he said. People on both sides of the Taiwan Strait are all Chinese, Xi said. 'There are no knots that cannot be untied, no issues that cannot be discussed, and no force that can separate us'. He said that the difference in systems does not alter the reality that both sides of the Strait belong to one China, and external interference cannot hold back the historical trend of national reunification.

April 10, 2024

## **EU to investigate Chinese wind turbine suppliers**

The EU will investigate subsidies received by Chinese suppliers of wind turbines destined for Europe, in the bloc's latest move to shield domestic firms from cheap clean tech products. The European Commission will look into conditions for the development of wind parks in Spain, Greece, France, Romania and Bulgaria. The EU's anti-trust commissioner Margrethe Vestager did not name the Chinese companies which will be investigated by the European Union's executive during a speech delivered at the Institute for Advanced Study in Princeton, New Jersey, in the United States. A group representing Chinese business interests in Brussels expressed its 'profound dissatisfaction' over what it called protectionism and a lack of transparency from the EU as it rolls out its new rules to counter state aid from foreign actors.

April 10, 2024

## **More potential for Sino-French biz ties**

Strengthened economic and trade relations between China and France will not only benefit both countries, but also contribute to the sustainable growth of global supply chains, said government officials and business leaders. As this year marks the 60th anniversary of the establishment of diplomatic ties between Beijing and Paris, they said the two sides share huge trade complementarity, intertwined interests and substantial potential for economic cooperation. During his meetings with a number of French government officials, senior executives of French firms and industry associations in Paris from Sunday to Monday, Chinese Commerce Minister Wang Wentao stressed that prospects for Sino-French economic and trade cooperation are wide-ranging.

April 10, 2024

## **Hungary-China investment summit focuses on renewable energy collaboration**

Industry leaders and government officials from Hungary and China convened at the 2024 Hungary Renewable Energy Business Investment Summit to discuss collaboration opportunities, showcasing the deepening economic ties between the two nations. Celebrating the 75th anniversary of diplomatic relations between China and Hungary and the 10th anniversary of the Hungarian Investment Promotion Agency (HIPA), Gergely Karbuczky, HIPA's deputy CEO and COO, expressed optimism about the future of Hungarian-Chinese relations. According to Peter Holicza, Deputy Secretary of State for European Union affairs and international relations at the Ministry of Energy, economic cooperation between China and Hungary has yielded 8.5 billion euros in investment, 33 projects, and over 13,000 jobs by Chinese investors in the past five years.

April 10, 2024

## **Protection of consumers' personal information highlighted in China's new regulations**

Business operators in China are prohibited from collecting excessive personal information while providing commodities and services through apps, according to a set of newly released regulations for implementing the law on the protection of consumer rights and interests. According to the regulations, business operators are banned from using one-time general authorization and default authorization while providing commodities and services through apps, said the rule of law in cyberspace bureau under the State Council Information Office. Business operators are prohibited from forcing consumers into consenting the collection and use of personal information irrelevant to business activities. The regulations will take effect on July 1.

April 10, 2024

## **China conveys concerns to US over sanctions, tariffs, investment restrictions during Yellen's visit**

Addressing a press briefing regarding Yellen's visit from April 4 to 9, Vice Minister of Finance Liao Min said that such actions by the United States harm the legitimate rights and interests of Chinese companies and people, and are also not conducive to the well-being of U.S. companies and people. 'China welcomes the U.S. statement that it does not seek to decouple from China, and hopes that the U.S. side will take concrete actions to stop sanctions and restrictions on Chinese companies,' Liao said. 'The two sides believe that every country has legitimate needs to safeguard national security, but China stressed that the concept of 'national security' should not be generalized, and the so-called 'diversification' should not be used as an excuse to undermine the normal trade and investment exchanges between the two countries and around the world, as well as the stability of the industrial production and supply chains'.

April 09, 2024

## **China securities regulator to strengthen inspections on firms planning IPOs**

The move, in line with a pledge in March by China Securities Regulatory Commission (CSRC) Chairman Wu Qing to effectively pursue whole-process supervision in all links in efforts to nurture a sound capital market, was revealed in a CSRC budget report recently published on its website. Inspections will be carried out on at least 25 percent of firms planning IPOs this year, up from at least 5 percent in 2023. Meanwhile, scrutiny over listed companies, bond issuers, and companies listed on China's 'new third board' will also be intensified this year, according to the report.

April 09, 2024

## **Fitch Revises Outlook on China to Negative; Affirms at 'A+'**

Fitch Ratings has revised the Outlook on China's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Negative from Stable, and affirmed the IDR at 'A+'. The Outlook revision reflects increasing risks to China's public finance outlook as the country contends with more uncertain economic prospects amid a transition away from property-reliant growth to what the government views as a more sustainable growth model. Wide fiscal deficits and rising government debt in recent years have eroded fiscal buffers from a ratings perspective. Fitch believes that fiscal policy is increasingly likely to play an important role in supporting growth in the coming years which could keep debt on a steady upward trend. Contingent liability risks may also be rising, as lower nominal growth exacerbates challenges to managing high economy-wide leverage.

April 09, 2024

## **Chinese premier chairs meeting to solicit opinions on economic work**

During the meeting, participants reached a consensus that despite a complex external environment and lingering difficulties and challenges, the Chinese economy has continued to pick up with growing positive factors and bolstered market confidence. After listening to the speeches of the attendees, Chinese Premier Li Qiang acknowledged the rising complexity, severity and uncertainty in the external environment. However, he emphasized that China's development, anchored by a solid foundation, multiple advantages and immense potential, will not change its upward trend in the long run. He noted that to consolidate and boost the positive economic trajectory, it is imperative to intensify efforts toward expediting the implementation of government policies, further stimulating market entities, bolstering the endogenous momentum, and tackling prominent problems systematically.

April 09, 2024

## **China, US reach important consensus on economic, financial cooperation: Vice finance minister**

Deepening communication, coordination of economic, financial policies and promoting mutually beneficial cooperation between the world's two largest economies are of great significance in stabilizing the economy and finance of both sides and the whole world, as well as promoting post-pandemic recovery and development, China's Vice Finance Minister Liao Min said. The two sides agreed to hold in-depth discussions on balancing the growth of the two countries and the global economy, and are willing to further strengthen economic exchanges and cooperation. They also agreed to maintain communication on issues, such as debt handling of developing countries as well as the strategic reform of international financial institutions under multilateral channels, such as G20, and advance cooperation on jointly addressing global challenges.

April 09, 2024

## **China unveils new measures to streamline foreign exchange business processes**

According to the circular, released by the State Administration of Foreign Exchange (SAFE), these newly-introduced measures are designated to further boost trade facilitation and enhance the ability to serve the real economy. The SAFE announced the introduction of six measures aimed at optimizing foreign exchange business processes. The policies mainly involve moves in optimizing the registration of foreign trade enterprises, facilitating cross-border trade settlement and payment for enterprises, and streamlining regulations regarding foreign exchange for goods trade, according to the SAFE. The circular will take effect from June 1, 2024.

April 08, 2024

## **China now a rival rather than boon for South Korean exporters, warns minister**

South Korea's economy needs to adapt urgently to rising competition from China, the country's finance minister has warned, as its biggest exporters battle for market share in sectors ranging from chips to shipbuilding and display panels. Minister Choi Sang-mok said that South Korea had gone from being a beneficiary of Chinese growth to an economic rival and that his country needed to diversify its export-led economy. He added that 'the Korean economy will face big challenges if we stick to the past growth model.'

April 08, 2024

## China's central bank unveils relending facility for sci-tech innovation

China's central bank said it had established a special relending facility worth 500 billion yuan (about 70.47 billion U.S. dollars) to support sci-tech innovation, technical transformation and equipment renewal. The interest rate of the one-year facility stands at 1.75 percent. It can be extended twice, with a one-year term each, the People's Bank of China (PBOC) said in a statement. The facility aims to guide financial institutions to step up credit support for sci-tech-oriented small and medium-sized firms in their early stage of development or in growth stage, and for technical transformation and equipment renewal projects to help key sectors become more digitalized, smart, advanced, and green.

April 07, 2024

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