



# CHINA OBSERVATION

## **Xi meets US secretary of state**

Chinese President Xi Jinping met with U.S. Secretary of State Antony Blinken at the Great Hall of the People in Beijing on 26 April. Noting that this year marks the 45th anniversary of diplomatic relations between China and the United States, Xi said over the past 45 years, the relationship has gone through wind and rain, and the two sides can draw a few important lessons. China and the United States should be partners rather than rivals; help each other succeed rather than hurt each other; seek common ground and reserve differences rather than engage in vicious competition; and honor words with actions rather than say one thing but do another. Xi emphasized that in his phone call with President Joe Biden three weeks ago, he shared his thoughts on how to stabilize and develop China-U.S. relations in 2024, and underlined that the two sides should value peace, prioritize stability, and uphold credibility.

April 27, 2024

## **Beijing to support high-quality development of life, health industry**

The 'Global Forum on Health and Development,' which runs parallel to the 2024 Zhongguancun Forum, was co-hosted by the Ministry of Science and Technology and Bill & Melinda Gates Foundation, and conducted in-depth discussions on how scientific and technological innovation can address new challenges in global health. Beijing has ranked among the best worldwide in scientific research and the number of science and technology clusters in recent years, and has become one of the cities with the strongest innovation vitality and the best innovation environment in the world.

April 27, 2024

## **China adopts law on customs duties to promote high-level opening up**

The law, which was passed at a session of the Standing Committee of the National People's Congress, the national legislature, will take effect on Dec. 1, 2024. It maintains the basic stability of the existing tariff system, with the overall tax burden level remaining unchanged. The move marked another step in China's tax legislation. Out of the country's existing 18 tax categories, China has enacted laws on 13 of them.

April 26, 2024

## **China launches 504-qubit quantum chip, open to global users**

The Center for Excellence in Quantum Information and Quantum Physics under the Chinese Academy of Sciences (CAS) has delivered a 504-qubit superconducting quantum computing chip to QuantumCTek Co., Ltd., a leading quantum company based in east China's Anhui Province, setting a record for the number of qubits in a superconducting quantum chip in China. The chip, 'Xiaohong,' is used to verify the kilo-qubit measurement and control system independently developed by the company, according to QuantumCTek.

April 26, 2024

## **China's homegrown brain-machine interface system unveiled at Zhongguancun Forum**

At the forum, a video demonstration revealed a remarkable feat: a monkey with its hands restrained and soft electrode filaments implanted in its brain, controlled an isolated robotic arm and grasped a strawberry by simply using its 'thoughts.' The NeuCyber Array BMI System fills the gap in high-performance invasive brain-machine interface technology in China, said Luo Minmin, director of the Chinese Institute for Brain Research, Beijing, which co-

developed the system with NeuCyber NeuroTech (Beijing) Co., Ltd. The NeuCyber Array BMI System is composed of three major components -- high-throughput flexible microelectrode array, a thousand-channel high-speed neural signal acquisition system, and a generative neural decoding algorithm based on a feedforward control mechanism.

April 26, 2024

### **PBOC may up bond trading**

China's central bank will likely increase the trading of government bonds as a liquidity management tool, yet such a move should not be misunderstood as quantitative easing, officials and experts said. It is appropriate for China to maintain the stability of monetary policy given the remaining scope of interest rate cuts, experts said, citing the likelihood for China to slightly cut policy benchmarks of interest rates in the second half of the year. Financial News, a newspaper backed by the People's Bank of China, the country's central bank, reported on 23 April that the trading of treasury bonds in the secondary market can be used as a liquidity management method and a reserve of monetary policy tools.

April 25, 2024

### **China's Nuctech raided in EU over foreign subsidies concerns**

Chinese security equipment company Nuctech's Dutch and Polish offices were raided by EU competition regulators, as the European Commission cracks down on companies receiving unfair state subsidies which put EU peers at a disadvantage. 'Nuctech offices in the Netherlands and Poland are being inspected by the European Commission in relation to the Foreign Subsidies Regulation,' partly-state owned Nuctech said in a statement. 'Nuctech is cooperating with the European Commission and is committed to defending its reputation of a fully independent and self-supporting economic operator,' the maker of security inspection scanners for airports and ports said. Nuctech was blacklisted by the U.S. Bureau of Industry and Security, Commerce in 2020.

April 25, 2024

### **Xi calls on Chongqing to write its chapter in Chinese modernization**

Chinese President Xi Jinping has called on southwest China's Chongqing Municipality to further deepen reform and opening-up across the board. Chongqing should strive to promote high-quality development, and build itself into a key strategic fulcrum for the development of China's western region in the new era and a comprehensive hub for inland opening-up. Xi urged Chongqing to focus on sci-tech innovation and vigorously promote the high-quality development of the manufacturing sector. He stressed pushing forward the development of the Chengdu-Chongqing economic circle to become a key engine of the country's high-quality development and a new driver of growth. The city should boost green development, and build a strong ecological shield in the upper reaches of the Yangtze River, he said.

April 25, 2024

### **Chinese premier stresses consolidating achievements in poverty alleviation**

Chinese Premier Li Qiang made the remarks during a research trip in southwest China's Guizhou Province. Li also underlined measures to nurture new drivers for economic growth in rural areas and to cultivate an increased number of skilled workers that cater to market demands. The premier affirmed Guizhou's economic and social progress, urging the province to make greater contributions to the development of the country's western region.

April 25, 2024

### **US Senate passes TikTok divestment-or-ban bill, Biden set to make it law**

Driven by widespread worries among U.S. lawmakers that China could access Americans' data or surveil them with the app, the bill was passed by the U.S. House of Representatives on 20 April. 'A new law is going to require its Chinese owner to sell the app. This is a good move for America,' said Senator Marco Rubio, the top Republican on the Intelligence Committee. The Chinese foreign ministry criticized the legislation, arguing 'though the U.S. has never found any evidence of TikTok posing a threat to the U.S.'s national security, it has never stopped going after TikTok.' TikTok, which says it has not shared and would not share U.S. user data with the Chinese government, did not

immediately comment but has told employees it would quickly go to court to try to block the legislation.

April 25, 2024

### **US exports to China declined 4.3% year on year in 2023**

The United States exported a total of US\$144.9 billion in goods to China last year, marking a 4.3 per cent decline from a year earlier when the figure reached a record-high US\$151.4 billion, said the report by the US-China Business Council. While US exports to most other foreign economies dipped in 2023 owing to geopolitical tensions like the war in Ukraine, stunted economic growth in China and Sino-American government-level challenges also weighed on the bilateral trade relationship, the USCBC said, separate from long-standing barriers such as tariffs. 'It is important for us to remind US lawmakers and those in influential positions that every state and congressional district in the US maintains its own economic and trade relationship with China,' said Craig Allen, president of the non-profit group representing more than 270 American companies.

April 24, 2024

### **Air China to open, resume 4 international routes**

The Beijing-Madrid-Sao Paulo route will be resumed starting from 28 April, and the airline will operate two round-trip flights every week. The Beijing-Madrid-Havana route will be resumed on May 17 with two round-trip flights every week. From May 6, the airline will open the Beijing-Riyadh route with three round-trip flights every week, while the Beijing-Dhaka route is to open in June with four round-trip flights every week. By then, Air China will be operating 452 routes in total, including 112 international and regional routes, according to the company.

April 24, 2024

### **China completes selection of about 38,000 local gov't special bond projects**

China's National Development and Reform Commission and the Ministry of Finance have jointly completed the selection of around 38,000 projects to be supported by local government special bonds this year. The demand for special bonds in 2024 is around 5.9 trillion yuan. China plans to issue 3.9 trillion yuan (about 548.84 billion U.S. dollars) in the form of special-purpose bonds for local governments in 2024, an increase of 100 billion yuan compared to last year, according to the 2024 government work report. In the next stage, the commission will guide local governments to ensure project quality and expedite project construction, as well as the use of funds in a manner that will actively expand effective investment.

April 24, 2024

### **China's nuclear power generation reaches 440,000 GWh in 2023**

It accounts for nearly 5 percent of total national electricity output, according to the China Atomic Energy Authority. This achievement is equivalent to saving 130 million tonnes of standard coal and reducing carbon dioxide emissions by 350 million tonnes. As of the end of 2023, there were 55 operational nuclear power units and 36 approved or under-construction nuclear power units on the Chinese mainland, with a total installed capacity of 57 gigawatts and 44 gigawatts, respectively.

April 24, 2024

### **China unveils data of technically recoverable oil and gas resources**

By the end of 2023, China's technically recoverable reserves of oil stood at 3.85 billion tonnes, up 1 percent year on year, official data showed. Meanwhile, the country's technically recoverable reserves of gas reached 6.68 trillion cubic meters, up 1.7 percent year on year, according to data from China's 2023 natural resources bulletin, and national oil and gas reserves statistics bulletin. China's technically recoverable shale gas reserves stood at 551.61 billion cubic meters, according to the data.

April 23, 2024

### **Overseas institutions encouraged to invest in domestic tech companies**

The move aims to better cater to overseas institutions that seek greater stability and predictability in the business

environment, as well as meet their demands for expanded investment channels, smoother exit channels and more convenient access to tax benefits, experts and executives said. These efforts will not only strengthen China's position as a preferred destination for global business expansion, but also provide a wider range of investment options that will foster greater innovation and competitiveness in the domestic market. Related departments are required to take concrete steps to efficiently approve the qualification applications for the dollar-denominated qualified foreign institutional investor program, or QFII, and its renminbi-denominated sibling, RQFII, in accordance with the law.

April 23, 2024

### **China, Australia discuss FTA implementation**

According to the Chinese Embassy in Australia, at the second meeting of the China-Australia FTA Joint Committee held in Canberra last Tuesday, the two sides highly valued the results achieved since the implementation of the agreement and fully affirmed the important role played by the FTA in promoting the development of bilateral economic and trade relations. The meeting reviewed the implementation of the FTA since its entry into force in the areas of goods, services, investment, finance, movement of natural persons, and sanitary and phytosanitary measures, according to an embassy statement. The China-Australia FTA Joint Committee meeting was co-chaired by Chinese Vice Minister of Commerce Li Fei and Deputy Secretary of the Australian Department of Foreign Affairs and Trade George Mina.

April 23, 2024

### **China's water conservancy investment up in Q1**

China's investment in water conservancy facilities rose 4.4 percent year on year to 193.3 billion yuan (about 27.2 billion U.S. dollars) in the first quarter of this year. China began 9,683 new water conservancy projects in the first quarter, up 33.8 percent year on year, said the Ministry of Water Resources. In the first quarter, water conservancy projects created about 730,000 jobs nationwide, up 3.8 percent year on year.

April 23, 2024

### **China details regulations on non-bank payment institutions**

The People's Bank of China on 22 April began to solicit public opinion on the detailed rules regulating the non-bank payment institutions, as a part of efforts to enhance their supervision and management. The document offers further clarification on key concepts, such as major shareholders and actual controllers, as outlined in the regulations, and details administrative licensing procedures for the non-bank payment institutions. Through the move, the central bank hopes to bolster transparency and openness in the administrative process and foster greater efficiency in payment institutions so as to create a law-based business environment. In protecting the legal rights and interests of payment users, it specifies requirements regarding the retention period of user data and transaction records, as well as adjustments to fees.

April 23, 2024

### **Global crises fracturing foreign investment, impacting developing economies**

Launched by UN Trade and Development (UNCTAD) the report entitled 'Global economic fracturing and shifting investment patterns' examines the complex landscape of global foreign direct investment (FDI). The report sheds light on ten transformational shifts in investment priorities across industries and regions, shaped by trends in global value chains (GVCs) and geopolitical dynamics, and emphasizes the necessity of integrating sustainability and development into investment strategies. Finally, the report highlights that the geography of global FDI has been significantly reshaped by China's reduced role as a recipient country. Multinational corporations have shown diminishing enthusiasm for launching new investments in China. However, the country still holds a dominant position in global manufacturing and trade, which signifies a transformation in its international production model.

April 23, 2024

### **US May Sanction Chinese Banks Helping Russian War**

Secretary of State Antony Blinken, due in China on 24 April, will outline this financial threat in a bid to stop Beijing's

financial backing for Russia's military production. Blinken on Friday (April 19) criticized Chinese support for Russia's defence industry, saying Beijing was the primary contributor to Moscow's war in Ukraine through its provision of critical components for weaponry. Speaking after a meeting of G7 foreign ministers in Italy, Blink said: 'When it comes to Russia's defence industrial base the primary contributor in this moment to that is China. We see China sharing machine tools, semiconductors, other dual use items that have helped Russia rebuild the defence industrial base. 'China can't have it both ways. It can't afford that. You want to have positive, friendly relations with countries in Europe, and at the same time, you are fuelling the biggest threat to European security since the end of the Cold War,' he said.

April 23, 2024

### **China's loan prime rates remain unchanged**

China's one-year loan prime rate (LPR), a market-based benchmark lending rate, came in at 3.45 percent on 22 April, unchanged from the previous month. The over-five-year LPR, on which many lenders base their mortgage rates, also remained unchanged from the previous reading of 3.95 percent, according to the National Interbank Funding Center. China cut the over-five-year rate by 25 basis points to 3.95 percent in February, the largest drop in recent years. The one-year rate remained unchanged in February. A lower LPR is expected to shore up the credit and property markets, reduce the financial cost of businesses and individuals, and contribute to a steady economic recovery.

April 22, 2024

### **China's new quality agricultural productive forces to be fully developed: report**

The China Agricultural Outlook Report (2024-2033), released at the 2024 China Agricultural Outlook Conference held at the Chinese Academy of Agricultural Sciences, reviewed the market situation of China's major agricultural products in 2023, and provided an analysis of the production, consumption, trade and price trends in the country's agricultural sector over the next decade. China's grain production in 2023 reached 695 million tonnes, an increase of 1.3 percent compared to the previous year. China's grain yield per hectare will reach 5,933 kg in 2024, up 1.5 percent compared to the previous year, and grain production is expected to hit 704 million tonnes, increasing 1.3 percent from 2023.

April 21, 2024

### **China unveils measures to boost mainland-HK capital market cooperation**

The scope of eligible exchange-traded funds (ETFs) under the Shanghai-Hong Kong and Shenzhen-Hong Kong stock connect schemes will be expanded to improve the schemes and support Hong Kong's efforts to strengthen its status as an international financial center, according to the China Securities Regulatory Commission (CSRC). Real estate investment trusts (REITs) will be incorporated into the schemes, and the inclusion of yuan-denominated securities in southbound stock connect scheme trading will be supported, the regulator said. The CSRC will also enhance the mutual recognition of funds and support the listing of leading mainland companies in the Hong Kong market.

April 20, 2024

### **Mexico, facing US pressure, will halt incentives to Chinese EV makers**

The last meeting between top Mexican officials and a Chinese automaker was in January, with executives of BYD Co (002594.SZ), opens new tab - one of the world's largest electric vehicle makers by sales. At the meeting, Mexican officials made clear they would not give incentives like those awarded to automakers in the past and that officials would be putting on pause any future meetings with Chinese automakers, said the sources, who asked not to be identified. The office of Mexican President Andres Manuel Lopez Obrador did not immediately respond to a request for comment. The Mexican Economy Ministry declined to comment. BYD officials and the Chinese embassy in the Latin American country did not immediately respond to a request for comment. A White House spokesperson said U.S. President Joe Biden will not let Chinese automakers flood the market with vehicles that pose a threat to national security.

April 20, 2024

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