

## INSIGHTS

## China's Economy Growing Strongly in Post-pandemic Era

## Voice of the World

By Staff Reporters

Following a key meeting that set China's economic policy priorities for 2023, Xi Jinping, general secretary of the Communist Party of China (CPC) Central Committee, delivered an important speech at the annual Central Economic Work Conference, held in Beijing on December 15 and 16, which analyzed China's current economic situation and scheduled next year's economic work.

It was the first meeting of its kind to be held since the 20th CPC National Congress in October, which called for the advancement of national rejuvenation on all fronts through a Chinese path to modernization.

Many investment banks have since become more optimistic about China's prospects. Goldman Sachs upgraded its 2023 growth estimate to 5.2 percent from 4.5 percent, saying it expected consumption and services to kick in eventually. Societe Generale revised its 2023 growth estimate to 5.3 percent, while Morgan Stanley upgraded its forecast to 5.4 percent.

"Directing fiscal resources towards social spending and green investment would not only support short-term demand, but also contribute to more inclusive and sustainable growth in the medium term," said Elitza Mileva, World Bank lead economist for China.

"The biggest change this year seems to be the increased focus on improving the business environment for foreign and private companies, especially the Internet platform companies,"

said Adam Wolfe, an economist at Absolute Strategy Research. "That could help restore confidence and boost investment in light manufacturing and the service sector," said Wolfe.

Economists commented that the lift of pandemic restrictions in China will eventually usher in a strong economic rebound, as the country learns to live with the COVID-19 virus.

Andy Rothman, Investment Strategist of Matthews Asia, said he is bullish about China's economy. Xi's announcement at the annual Central Economic Work Conference should lead to a gradual, steady recovery in new home sales in the second half of 2023.

These developments over the last few weeks leave him feeling very optimistic about prospects for the Chinese economy, especially after the end of the winter flu season, when COVID-19 cases are likely to subside.

As we continue to track milestones in China's economy, Rothman said there are three things investors should keep in mind:

First, China is likely to remain the only major economy engaged in serious easing of fiscal and monetary policy, while much of the world is tightening.

Second, Chinese households have been in savings mode since the start of the pandemic, with family bank balances up 42 percent from the beginning of 2020. The net increase in household bank accounts during this period is equal to 4.8 trillion USD, which is larger than the GDP of the UK.

Third, those funds should fuel a consumer rebound in China and a recovery in mainland equities, where domestic investors hold about 95 percent of the market.



People shopping at the Spring Festival Shopping Street in Beijing. (PHOTO: VCG)

## China's Trend Setting Port Automation

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Ambassadors of several countries including Thailand, Argentina, and South Africa have visited China's smart ports, and owners of terminals such as the Laem Chabang Port in Thailand and Chancay Port in Peru have used Chinese small port solutions to challenges, according to Qiu Shikui, staff at Huawei Technologies Corporation.

**E-commerce express**  
E-commerce is benefiting significantly from the construction of smart ports.

In June, China's Silk Road Maritime e-commerce express was launched at Xiamen Port, representing the country's first e-commerce service that integrates all coastal port shipping, and logistics advantages.

It now takes only two days to ship goods from Xiamen to Manila. The coverage of such an express service can then expect to reach other areas such as Europe, Japan, Korea, and the U.S., to

form a large-scale, standardized cross-border e-commerce service system.

Back in 2021 Xiamen Port adopted such technologies as 5G communications, satellite navigation, and automated driving for its Ocean Gate Container Terminal, realizing multiple smart 5G applications within the port.

With continuous investments in domestic ports and the involvement of a large number of high-tech enterprises, China is leading the world in the intelligence levels of smart ports, said Mi Weijian, professor at Shanghai Maritime University, adding that although China started the construction of smart ports relatively late, favorable policies have been released successively in recent years.

"Currently, digitalization has become a trend of all industries," said Ma Yue, deputy president of Huawei, adding that "Integrating digital technologies with infrastructure and promoting new infrastructure construction are important paths to develop the industry."

## Opinion

## Unfair U.S. Rules in Tech Exports Questioned

By GONG Qian

The U.S. Department of Commerce (DOC) on December 15 said it added 36 Chinese companies and institutes to an export controls blacklist, giving the excuse of concerns over its national security and interests, and human rights once again.

Among them, 21 are identified as major firms involved in AI chip R&D, manufacturing, and sales, as well as aviation equipment, such as Yangtze Memory Technologies Co., Cambricon Technologies, and Chinese Academy of Sciences Institute of Computing Technology.

This means these companies are blocked from buying technology from U.S. suppliers unless they get a special export license from DOC. Meanwhile, some multinationals are also required to comply with the rules, not diverting technologies to China.

AP reported that the move is the latest restriction imposed by President Joe Biden's administration, signaling a hardening of U.S. efforts to prevent China from acquiring advanced technologies, following on from Trump's administration.

So far this year, the U.S. has issued a series of policies and rules to double its efforts in curbing China's tech advancement, most notably through the *CHIPS and Science Act*.

## What Form Will China-U.S. Relations Take in the Future?

Edited by GONG Qian

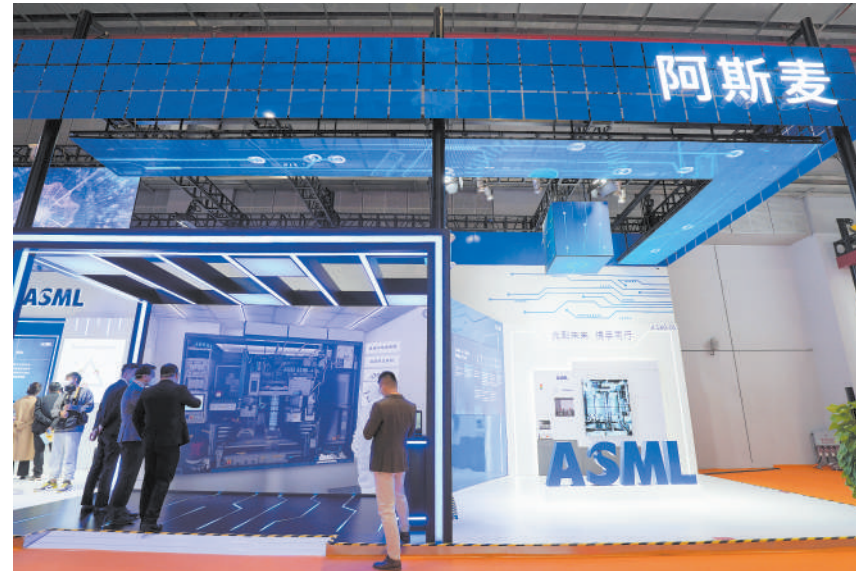
The world is grappling with a range of issues currently including the food crisis, climate change, COVID-19 pandemic, economic downturn and Russia-Ukraine conflict.

In addition, the past few years have seen China-U.S. relations confronted with unprecedented challenges.

In an attempt to find answers to this important relationship, leading experts and scholars from the two countries shared their thoughts on the topic of "China-U.S. competition and cooperation in the post-pandemic era" at the 7th China Global Think Tank Innovation Forum, organized by the Center for China and Globalization (CCG), China's leading think tank, in Beijing on December 15.

U.S.-China relations have deteriorated at a speed and to a level that was previously unimaginable, said Daniel Russel, vice president for International Security and Diplomacy, Asia Society Policy Institute. The two countries both blame the other side for the emerging problems and insist that the things they are doing are fully justified, said Russel.

Xu Bu, president of China Institutes for International Studies (CIIS), pointed out that the U.S. has been making strategic misjudgments on China. Examples of this are questions such as what does China want as it becomes stronger? Is China going to overtake the U.S.? Is China trying to drive the U.S. out of Asia? The facts show that there is no way to drive the U.S. out of the Asia Pacific and neither can



Visitors get up close to the lithography machine at the ASML's booth at the fifth China International Import Expo, which was held in Shanghai in November, 2022. (PHOTO: VCG)

According to Christopher A. McNally, professor of Political Economy, Chambridge University, the restrictions will also have a serious impact on American corporations exporting chip manufacturing equipment to China. Lam Research and Applied Materials have already issued loss warnings.

In fact, the U.S. faces multiple challenges to making these rules successful. Firstly, U.S. rules must also apply in full to foreign corporations, especially in the Netherlands and Japan. In other words,

they will have to be multilaterally enforced to be truly effective, wrote McNally.

The Netherlands and Japan are the world's top suppliers manufacturing advanced semiconductor machines. But the U.S. is also asking its allies not to sell equipments capable of making chips to China. This definitely hurts their interests, especially for Dutch company ASML, as China accounted for about 15 percent of the their revenue last year.

The CEO of ASML Peter Wennink

questioned the U.S. move in an interview with newspaper *NRC Handelsblad*. He said that following U.S. pressure, the Dutch government has already restricted ASML from exporting its most advanced lithography machines to China since 2019. "ASML has already sacrificed," said Wennink.

It seemed contradictory that U.S. chip manufacturers are able to sell their most advanced chips to Chinese customers, while ASML is only able to sell older chipmaking equipment, said Wennink.

This is self-evident that the U.S. put itself above other countries for the sake of its own interests.

McNally said the second challenge is leakage, such as smuggling, diversion of exports, and illicit transfers of technology.

The U.S. was overstretching the concept of national security and targeting specific Chinese companies with discriminatory and unfair measures, politicizing and weaponizing economic and trade issues, said China's Foreign Ministry spokesperson Wang Wenbin. China will firmly defend the legitimate and lawful rights and interests of Chinese companies, said Wang.

China's Ministry of Commerce announced on December 12 that it has filed a lawsuit with the WTO against the U.S. over its export control on products such as chips to China.

the U.S. make ASEAN countries take sides, said Xu.

Nevertheless, all attendees believed that the two countries should promote exchanges and communication. A case in point is the talk between President Xi Jinping and President Joe Biden at the G20 Bali summit in November 2022, which may be a turning point for China-U.S. relations. Proving to be a "speed bump" or serving as an "exit ramp", the talk could prevent the bilateral relations from further deteriorating, said Russel.

According to Colin Bradford, non-resident senior fellow at Brookings Institution, the talk was vital as the two leaders renewed their commitments to dialogue and will continue to have regular conversations between them.

In Russel's view, there are two really urgent and essential principles that the two sides need to accept. The first is not to set unreasonable preconditions for cooperation. As the two largest economies in the world, the U.S. and China must take responsibility for the planet. This means that they have to be cooperative on global challenges such as food security, infectious diseases and nuclear proliferation. They should declare these areas as safe spaces for cooperation, no matter what the status of their bilateral relationship might be. The second key principle is that the two sides urgently need to manage military risks.

Xue Lan, dean of Schwarzman College at Tsinghua University, also said managing risks is critical and both sides have already taken effective measures to



Craig Allen, president of the US-China Business Council (USCBC), delivers a speech at the USCBC 2022 Gala in Washington, U.S., on December 6, 2022. (PHOTO: VCG)

avoid the worst case scenarios.

On the other hand, managing contradiction needs to be put high on the agenda. He noted that in the past few years, the U.S. has issued some self-contradictory policies. If the problems can't be resolved, dialogues and negotiations may lead to no results.

For example, many statements and documents issued by the U.S. government refer to China as both a competitor and a rival. However, the U.S. policies in science and technology show that it regards China as an enemy not a competitor. To some extent, the U.S. hopes to drive China out of the world's economic industrial chain, even at a

heavy cost to its own interests. In this case, it is difficult for both parties to understand the other's real intentions.

China and the U.S. have different political and economic systems and the two have different histories and values. "The question is, can we manage the U.S.-China relations given the differences," said Richard Haass, president of the U.S. Council on Foreign Policy, in an online talk with Wang Huiyao, the president of CCG.

Haass is optimistic about the U.S.-China relations. He believes that the two countries have common interests in managing the differences and in not seeing the differences slide into conflict.

## Plant-derived Photosynthetic Cell Inhibits Osteoarthritis

## Hi! Tech

By Staff Reporters

In some degenerative diseases like osteoarthritis, a joint disease that occurs most frequently in the hands, hips, and knees, cells usually lack the amount of

energy they need to function properly due to insufficient anabolism.

A team at Zhejiang University's School of Medicine has delivered photosynthetic proteins from spinach into mice cells, showing promising clinic potential to treat osteoarthritis.

Photosynthesis is the process by which plants get energy from sunlight. Both ATP and NADPH, which are energy

storage and electron carrier/donor molecules, are produced in plants during photosynthesis.

Therefore, researchers wondered if it might be possible to deliver plant cells into mammalian cells to produce ATP and NADPH and activate the photosynthetic process when light is applied.

According to their paper published in the journal *Nature*, research-

ers created light-powered nanophthalocyanine units (NTUs) from plants to deliver ATP and NADPH to the joints of arthritic mice, successfully slowing the degeneration.

Based on the plant-derived natural photosynthetic system, this approach can improve cell anabolism by independently providing key energy and metabolic carriers, said the team.