

SCI China Market Update – April 2021

Dear Friends,

From the U.S. to China to UK to India, more and more people are getting the COVID-19 vaccine. I learned that South Korean President Moon Jae received the AZ Covid-19 vaccine on Tuesday in preparation for his scheduled overseas trip this summer.

I just got my appointment to be vaccinated at Penn Medicine on Saturday. Great! With the “Vaccine Passport” I am hopeful that I can travel overseas freely and safely beginning from the 2nd half of 2021.

“This 3,000-year-old Chinese civilization had alien masks!” – an online discussion about the Sanxingdui culture that is hot. I look forward to visiting the Sanxingdui archaeological site in Sichuan Province during my next China trip. In addition to the Sanxingdui Museum, the site recently unearthed a 3,000-year-old gold mask, one of 500 Bronze-Age relics! The new findings may change the history of Sichuan Province and the origin of the Chinese civilizations. If you are interested in archaeology, you may want to check this out: <https://www.youtube.com/watch?v=z2grBDbIxPA>. It’s long – 3 hours – but provides great detail about this incredible discovery.

Well, the current USD to RMB exchange rate is around \$1 = RMB 6.5 yuan. What else is new in the China economy? Below is some of the latest news culled from various public sources:

China steps up COVID-19 vaccination, considers differentiated visa policies

China has accelerated its vaccinations against COVID-19, administering 10 million doses in around a week, and is considering varied visa policies based on vaccination and virus conditions in different countries, officials said on Sunday.

The country had administered 83 million vaccine doses as of Wednesday, health commission spokesman Mi Feng told a news briefing. That is up from 64.98 million as of March 14.

China aims to vaccinate 40% of its 1.4 billion people by the middle of the year, according to state media and a top health adviser. China was among the first countries

to begin administering vaccines last year and has been exporting millions of doses, but its vaccination rate has fallen behind those of such countries as Israel and the United States.

More than 70 million doses of Sinovac Biotech's shot have been administered globally, a company spokesman told the news conference, without specifying how many of those had been administered in China.

Beijing is considering differentiated policies for visa issuance, flights and controls on the numbers of people arriving in China based on vaccination progress and the COVID-19 situations in different countries.

"We do not exempt vaccinated people from testing and isolation measures for the time being," said Feng Zijian, vice director of Chinese Center for Disease Control and Prevention (China CDC).

But he said China will pay attention to international progress in developing "vaccine passports" and could adjust virus curbing measures after the domestic population reaches a high level of immunization.

China's full-year vaccine production can fully meet the needs of entire country, said Ministry of Industry and Information Technology official Mao Junfeng. He said the supply of materials for vaccine production, including glass vials and syringes, is "relatively stable".

China has approved four locally developed vaccines for general public use from Sinovac, CanSino Biologics and two units of China National Pharmaceutical Group (Sinopharm). A fifth vaccine developed by the Institute of Microbiology of Chinese Academy of Sciences was approved for emergency use last week.

China triples output of COVID-19 vaccines from early February: Xinhua

China's daily output of COVID-19 vaccines has reached about 5 million doses, more than tripling the 1.5 million-dose daily production rate on Feb. 1, official media said on Wednesday.

China has supplied more than 100 million doses domestically, the Xinhua news agency said on its social media page, citing Xiao Yaqing, the minister of industry and

information technology. China aims to vaccinate 40% of its 1.4 billion people by the middle of the year, according to state media and a top health adviser.

China to offer COVID-19 vaccine for foreign residents in Shanghai

Shanghai will offer COVID-19 vaccinations for foreign residents, local authorities announced late on Monday. It marks the first time a city in China has made its vaccine available widely to non-Chinese citizens.

According to a public notice, beginning March 29 foreigners “of appropriate ages” may book appointments online to receive a domestically developed shot. The procedure will cost people without insurance 100 yuan (\$15.35).

Beijing this week began offering vaccines to foreign journalists and diplomats. The shots remain unavailable to most other non-Chinese residents in the city, however.

China rebounds with economic growth target above 6%

The economy grew in the second half of 2020, and China was the only major global economy to post gains for the year, although they were slender compared to previous years. Now the government hopes to continue that rebound.

"A target of over 6% will enable all of us to devote full energy to promoting reform, innovation, and high-quality development," Premier Li Keqiang said.

China exports post record surge as global demand recovers

China's exports jumped 60.6 percent for the January-February period from a year earlier and imports increased 22.2 percent, faster than expected, after factories reopened and global demand started to recover from the coronavirus pandemic. Multiple overseas media outlets reported these figures, citing customs data released in March. Exports rose to \$468.9 billion, accelerating from December's 18.1 percent gain and nearly double the growth expected by forecasters, the Associated Press reported. Imports jumped 22.2 percent to \$365.6 billion, up from December's 6.5 percent increase.

China's retail sales up 33.8% in first two months

China's retail sales of consumer goods, a major indicator of consumption growth, went up 33.8 percent year on year to exceed 6.97 trillion yuan (about 1.07 trillion U.S. dollars) in the first two months of 2021, the National Bureau of Statistics said Monday.

The Jan.-Feb. figure represents a 6.4-percent growth compared with the level in the same period of 2019, as well as an annual average growth of 3.2 percent in the past two years.

China's big data market to continue expansion

China's big data market will continue to expand in the coming years, driven by the country's economic development and digital transformation, an industry report shows. The size of China's big data market was estimated to exceed \$10 billion for the first time in 2020, up 15.9 percent year-on-year, according to a report from global market research firm International Data Corporation.

Banking, telecommunication and local governments accounted for 38 percent of total spending in the big data market last year, and these sectors will continue to lead in big data spending, read the report. By 2024, China's big data market size is expected to exceed \$20 billion, representing a 145 percent increase from the level registered in 2019, according to the report.

China must shut 100 GW coal-fired power capacity to meet climate goals

China should quickly decommission more than 100 gigawatts (GW) of inefficient coal-power capacity and phase out most of the remaining plants by 2045 in order to meet its climate targets, a new research report showed on Tuesday. These capacity cuts will help the country achieve its goal of becoming carbon-neutral by 2060, but Beijing should also immediately stop approving new plants, according to a study by the Center for Global Sustainability (CGS) at the University of Maryland.

The study, published by Nature Communications, said 18% of China's total coal-fired fleet - amounting to 112 GW - constitutes "low-hanging fruit" that performs poorly on economic and environmental grounds, and could be shut without much disruption.

"To meet China's climate and development goals, remaining plants can operate at a minimum of 20 or 30 more years, but usage must gradually and responsibly be reduced by 2045 to limit (global) warming to 1.5 degrees," said Sha Yu, co-director of CGS's China Program.

China's Jan-Feb gasoline exports jump 30% year-on-year

China's gasoline exports rose 30.1% year-on-year in the first two months of 2021, customs data showed on Thursday, as refineries sought to ease domestic inventory pressure due to high output.

Gasoline shipments in January and February were at 3.54 million tons, up from 2.72 million tons in the same period last year, after the coronavirus outbreak and tough travel restrictions slammed fuel consumption in the country. Diesel exports fell 0.9% on year to 3.44 million tons, according to data issued by the General Administration of Customs. Jet fuel exports totaled 880,000 tons, down 70.1% from 2.93 million tons a year earlier.

Customs data also showed that China's imports of liquefied natural gas (LNG) jumped 27.2% to 14.04 million tons over January and February.

China's crude oil output slightly up in first two months

China's crude oil output grew 0.4 percent year-on-year to 32.08 million tons in the first two months of this year, official data showed. The Jan-Feb output also represented a 4.1 percent growth compared with the level in the same period of 2019, as well as annual average growth of 2 percent over the past two years, according to the National Bureau of Statistics (NBS).

As one of the world's largest oil buyers, China imported 89.57 million tons of crude oil in the reporting period, up 4.1 percent year-on-year.

About 114.24 million tons of crude oil was processed in January and February, up 15 percent year-on-year and 10.6 percent from two years ago, NBS data showed. China's crude oil output expanded by 1.6 percent year-on-year to 195 million tons in 2020, with full-year imports posting a 7.3-percent surge.

China's natural gas output up 13.5 pct in Jan.-Feb.

China saw steady growth in its natural gas output in the first two months of the year, according to official data. The country's natural gas output rose by 13.5 percent year on year to 34.8 billion cubic meters in the Jan.-Feb. period, data from the National Bureau of Statistics (NBS) showed.

The figure represented a 22.5-percent growth compared with the level in the same period of 2019, as well as annual average growth of 10.7 percent in the past two years. Average daily production came in at 590 million cubic meters, down 10 million cubic meters from December last year. The country's natural gas imports in the first two months increased 17.4 percent year on year to 20.8 million tonnes, according to the NBS.

China's coal output edges up in first two months

China's raw coal output rose 25 percent year on year to 620 million tons in the first two months of 2021, official data showed. The Jan.-Feb. figure represents a 17.1-percent growth compared with the level in the same period of 2019, as well as annual average growth of 8.2 percent over the past two years, according to the National Bureau of Statistics (NBS). The country imported 41.13 million tonnes of coal in the first two months, down 39.5 percent year on year, NBS data showed.

China's automotive aftermarket hits 1 trillion yuan in 2020

China's automotive aftermarket is estimated to have hit 1 trillion yuan (\$153.78 billion) in 2020, said the country's Ministry of Commerce (MOFCOM) Wednesday. The sector has given a tremendous boost to consumption related to the auto industry, the ministry added.

The automotive aftermarket refers to deals and services related to sold automobiles. Citing China Automobile Dealers Association, MOFCOM said that over 14.34 million used vehicles were traded last year in China, down by 3.9 percent from a year ago. The decrease narrowed 15.7 percent compared with that in the first half of the same year. Total transaction volume stood at 888.8 billion yuan, shrinking 5.0 percent year on year.

MOFCOM estimated that the country had recycled and dismantled nearly 2.4 million scrapped vehicles last year, up 4.5 percent year on year, including 2.06 million automobiles and 332,000 motorcycles.

According to the All-China Federation of Industry and Commerce, the value of the Chinese car tuning market hit 65.2 billion yuan last year, up 7.1 percent from a year ago. The country is seeing increasing demand from customers to modify their vehicles.

China's automotive aftermarket hits 1 trillion yuan in 2020

China's automotive aftermarket is estimated to have hit 1 trillion-yuan (\$153.78 billion) in 2020, said the country's Ministry of Commerce (MOFCOM) Wednesday. The sector has given a tremendous boost to consumption related to the auto industry, the ministry added.

The automotive aftermarket refers to deals and services related to sold automobiles. Citing China Automobile Dealers Association, MOFCOM said that over 14.34 million

used vehicles were traded last year in China, down by 3.9 percent from a year ago. The decrease narrowed 15.7 percent compared with that in the first half of the same year. Total transaction volume stood at 888.8 billion yuan, shrinking 5.0 percent year on year.

MOFCOM estimated that the country had recycled and dismantled nearly 2.4 million scrapped vehicles last year, up 4.5 percent year on year, including 2.06 million automobiles and 332,000 motorcycles.

For more information about doing business with China please visit our website at www.s-c-i.com or call me at 610-457-8380. Thanks!

Best regards,
Shiqiang

President & CEO

Sino Consulting (SCI)
8010 Fairview Lane
Eagleville, PA 19403
U. S. A.
Tel: (610) 457 8380
Email: sgu@s-c-i.com
Web: www.s-c-i.com