

SCI China Market Update – December 2020

Dear Friends,

I bought a Waterpik water-flosser from Costco recently at my dentist's recommendation - cost: \$99.99 It's ADA Accepted and UL certified. However, I found the Waterpik is still "Made in China" but designed and tested in the U.S.

Worldwide, the holiday season calls for billions of dollars of quality products from laptops to home appliances to Christmas trees. Eyeing the COVID-19 pandemic from north America to Mexico to Europe to Brazil, to Korea, to India and to Southeast Asia, China now plays a key role in the world's supply-chain.

Since the second half of 2020, as China continues to resume work and production, export orders for industries such as small household appliances, furniture, toys and bicycles have increased significantly. China's bicycle exports have seen strong gains as COVID-19 precautions have prompted people worldwide to turn to cycling and using electric bicycles for short journeys. From January to September, China exported 41.66 million bikes, an increase of 3.9 percent year on year, with the volume expanding 12 percent over the same period last year to 2.43 billion U.S. dollars, according to data from the China Bicycle Association.

Hoping the U.S.–China trade relationship will improve, China's customs authority completed the quarantine protocols agreed to under the Phase One trade deal between China and the United States allowing for the import of various farm goods. All 37 tasks outlined in the deal were completed on time.

So what else is new in the China economy? Below is some of the latest news culled from various public sources:

Sao Paulo state gets one million doses of Chinese COVID-19 vaccine

São Paulo's Butantan Institute biomedical center on Thursday received 1 million doses of a Chinese COVID-19 vaccine developed by Sinovac Biotech Ltd that is undergoing late-stage testing by the institute at 16 locations in Brazil.

The consignment of CoronaVac vaccine, which will be packaged and labeled at Butantan's facilities, arrived at São Paulo's Guarulhos airport.

It is the second shipment to arrive in Brazil of the vaccine, which still needs approval from federal health regulator Anvisa before it can be used. On Nov. 19, 120,000 doses landed from China. Butantan said it expected Sinovac to publish efficacy results from its vaccine trials by Dec. 15.

São Paulo Governor João Doria, speaking on Thursday at a news conference, said that immunizations would begin in the state in January, adding that he expected Anvisa to authorize the vaccine before then.

Indonesia receives first COVID vaccine from China's Sinovac

Indonesia received its first shipment of coronavirus vaccine from China on Sunday, President Joko Widodo said, as the government prepares a mass inoculation programme.

Jokowi, as the president is widely known, said in an online briefing that the Southeast Asian country received 1.2 million doses from China's Sinovac Biotech Ltd., a vaccine Indonesia has been testing since August.

He added that the government plans to receive another 1.8 million doses in early January.

Late-stage trials of the Sinovac vaccine are also under way in Brazil and Turkey, with interim results on efficiency from Brazil expected by mid-December.

Indonesia is also expected this month to receive shipments of raw materials to produce 15 million doses and materials for 30 million doses next month, the president said. The vaccine still needs to be evaluated by the country's food and drug agency (BPOM) while his administration continues to prepare for distributing the vaccine across the vast archipelago of 270 million people, Jokowi said.

China foreign trade up 7.8% in November

China's foreign trade expanded 7.8 percent year on year in November, official data showed Monday. Exports jumped 14.9 percent year on year while imports dipped 0.8 percent in yuan terms, the General Administration of Customs said.

In the first 11 months, China's foreign trade of goods totaled 29.04 trillion yuan (about 4.44 trillion U.S. dollars), up 1.8 percent year on year, accelerating from an increase of 1.1 percent in the first 10 months, the administration said in a statement.

Private companies played a significant role in propelling trade growth, with their foreign trade expanding by 11.3 percent in the first 11 months to account for 46.4 percent of the country's total.

UBS forecast China's GDP growth would rebound to 8.2% in 2021, led by exports and domestic consumption. They expect exports to grow by 11% to 12% as the global economy recovers from recession, helped by rapid vaccine development.

China's steel imports report steep Jan-Oct rise

China's steel imports registered rapid growth in the first 10 months of the year, while the decline in exports narrowed, according to the Ministry of Industry and Information Technology (MIIT).

The country's steel imports surged 73.9 percent year on year to over 17 million tons in the Jan.-Oct. period. The growth was up 1.7 percentage points from the first three quarters, MIIT data showed. Around 44.43 million tons of steel was exported in the first ten months, down 19.3 percent year on year, narrowing the decline by 0.3 percentage points from the first three quarters.

China's steel sector sees output expansions in Jan-Oct

China's steel sector registered output expansion in the first 10 months of this year, industrial data showed. Crude steel output saw a year-on-year growth of 5.5 percent to stand at 874 million tons in the January-October period, according to the China Iron and Steel Association (CISA). The output of pig iron rose 4.3 percent from a year earlier to 742 million tons during the period, the CISA said.

The association expected the country's annual output of crude steel to exceed 1 billion tons in 2020, representing year-on-year growth of 3 percent to 5 percent.

China's November factory activity growth hits decade high: Caixin PMI

Activity in China's factory sector accelerated at the fastest pace in a decade in November, a business survey showed on Tuesday, as the world's second-largest economy recovers to pre-pandemic levels.

The Caixin/Markit Manufacturing Purchasing Managers' Index(PMI) rose to 54.9 from October's 53.6, with the gauge staying well above the 50-level that separates growth from contraction for the seventh consecutive month. Analysts polled by Reuters had forecast the headline reading would slip to 53.5.

First nuclear unit with Hualong One reactor connected to grid

China's first nuclear power unit using Hualong One technology, a domestically developed third-generation reactor design, was connected to the grid on early Friday morning. The No. 5 nuclear power unit in the city of Fuqing, east China's Fujian Province, was connected to the power network at 0:41 a.m. Friday and started to generate electricity, according to the China National Nuclear Corporation (CNNC). The unit's successful connection to the grid will help improve the competitiveness of China's nuclear power industry, optimize the country's power structure and promote the country's green and low-carbon development, Zhao said, adding that the unit will undergo a series of tests and trial runs before it starts commercial operation.

The CNNC and China General Nuclear Power Group jointly designed the Hualong One reactor, which passed inspection by a national panel in 2014. The reactor, with all of its core components produced domestically, has a designed life of 60 years and meets the strictest safety standards in the world, according to the CNNC.

Construction of the No. 5 nuclear power unit in Fuqing began in 2015. The CNNC is currently building a total of six nuclear power units using Hualong One technology around the world.

China imports 3.85 bln cubic meters of natural gas from Russia via east-route pipeline

China has imported 3.85 billion cubic meters of natural gas via the China-Russia east-route natural gas pipeline over the past year, local authorities said Wednesday. The cross-border east route gas pipeline, with a 3,000-km section in Russia and a 5,111-km stretch in China, marked its one-year anniversary Wednesday as it was officially put into operation on Dec. 2, 2019.

Entering China via the border city of Heihe and running through nine provincial-level regions, the pipeline has been connected with existing natural gas networks in China. "So far, the natural gas through the pipeline has been supplied to regions including Beijing, Tianjin and Heilongjiang, and it is of great significance for optimizing China's

energy structure and boosting the economic growth along the route," said Liu Wubin, an official with a subsidiary of China Oil & Gas Piping Network Corporation.

The pipeline is scheduled to increase its supply to 38 billion cubic meters annually, under a 30-year contract worth 400 billion U.S. dollars signed between the China National Petroleum Corp and Russian gas giant Gazprom in May 2014.

China's coal output edges up in first 10 months

China's raw coal output rose 0.1 percent year on year to 3.13 billion tons in the first 10 months of 2020, official data showed. The country produced 340 million tons of raw coal last month, up 1.4 percent from October in 2019, according to data from the National Bureau of Statistics.

The country imported 13.73 million tons of coal in October, down 46.6 percent year on year. In the first 10 months, coal imports dropped 8.3 percent year on year to 250 million tons.

China and Indonesia sign \$1.5 billion thermal coal deal

China will buy \$1.467 billion worth of thermal coal from Indonesia next year, the Indonesian Coal Mining Association (APBI) said on Wednesday. The trade deal was signed between APBI and China Coal Transportation and Distribution on Wednesday, according to APBI's statement.

"It is hoped that there will be an increase of coal exports to China by 200 million tons in the coming year," APBI said. "The target quantity will be reviewed every year." China's imports from Indonesia, the world's biggest shipper of thermal coal used in power plants, dropped 24.5% in the first 10 months of 2020 to 86.88 million tons, compared to 115.03 million during the same period last year, according to Refinitiv data.

Chang'e-5: China completed first docking in lunar orbit

A Chinese probe carrying lunar samples back to earth for the first time in almost 45 years has docked with a spacecraft orbiting the moon. The maneuver was part of the ambitious Chang'e-5 mission.

A Chinese probe transferred rocks it gathered from the moon to an orbiter on Sunday in preparation for returning samples to Earth for the first time in almost 45 years, the country's space agency announced.

The cargo capsule of the Chang'e lander — named after a mythical Chinese Moon goddess — docked with a remote-controlled spacecraft orbiting the moon at 5:42 a.m. local time Sunday. A container with 2 kilograms (4.4 pounds) of rocks was moved to the orbiter 30 minutes later. China also wants to build its own space station by 2022 and is working to send an exploration mission to Jupiter by 2029.

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Best regards,

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