

SCI China Market Update – February 2021

Dear Friends,

The Chinese New Year, the Year of the Ox, will officially begin February 12th. After a year of worldwide fighting with COVID-19, winter will soon be over and spring of the “lucky” Year of the Ox will arrive.

It is said that the year of the “Metal Ox” will bring career advancement, success in business, prosperity, and wellness for all zodiac signs. Sounds great, right? The Chinese Zodiac is represented by 12 animals to record the years and reflect human attributes. Animals include the rat, ox, tiger, rabbit, dragon, snake, horse, sheep, monkey, rooster, dog and pig.

Normally, some two weeks before the day of the Chinese New Year, millions of people across the country start to make their way home for family get-togethers and New Year celebrations, but that’s not the case this year. Under Beijing’s strong mandate, people will spend their holiday either at home or near their work locations because of the COVID-19 pandemic.

The good news today is that finally new COVID-19 cases in China have dropped to lowest monthly rate ever. From Beijing, Shanghai, Hebei, Liaoning, Jilin and Heilongjiang provinces, China reported the fewest new COVID-19 cases in a month as imported cases overtook local infections, official data showed on Tuesday. This data is good to hear just ahead of the Chinese New Year holidays. The National Health Commission said a total of just 25 new cases were reported for the entire mainland on February 2nd, down from 30 cases a day earlier, and the lowest since 24 cases were reported on Jan. 2, 2021.

Thanks to the internet and 4G/5G system, it has been possible for the Chinese people not only to work from home but also to hold virtual get-togethers during the holidays. In fact, with the help of Zoom, VooV Meeting, WeChat and so on, we can easily schedule international video phone conferences. My family is an example. Through VooV Meeting, we will have an online Chinese New Year get together on February 12th with my brothers’ families in Beijing and Tianjin in China, Vancouver and Toronto in Canada, and my family in Philadelphia and California in North America. So the

entire family will be able to share shows from the Peking Opera, a piano concert by my niece, Dr. Ada Gu singing from Toronto, and my Chinese poem. Interesting – and nice. So what else is new in the China economy? Below is some of the latest news culled from various public sources:

China to provide 10 million vaccine doses to COVAX initiative

China plans to provide 10 million doses of COVID-19 vaccines to global vaccine sharing scheme COVAX, as three Chinese companies have applied to join the initiative for approval, the foreign ministry said on Wednesday. The COVAX scheme, backed by the World Health Organization (WHO) and GAVI vaccine alliance, is due to start rolling out vaccines to low- and middle-income nations this month, with 2 billion of 3 billion doses expected to be delivered this year. China's foreign ministry said in January that Sinovac Biotech, China National Pharmaceutical Group (Sinopharm) and CanSino Biologics have applied to join the scheme. Vaccines from Sinopharm and Sinovac are already being rolled out in several countries, including Brazil, Indonesia, Turkey and the United Arab Emirates.

Sinopharm's COVID-19 vaccine remained active against S. Africa variant, effect reduced - lab study

Two COVID-19 vaccines from Chinese companies including Sinopharm triggered immunity against a highly transmissible coronavirus variant first found in South Africa, but their effect appeared weaker, a small-sample lab study released on Tuesday showed. The paper was written by researchers from Sinopharm-affiliated Beijing Institute of Biological Products, the Institute of Microbiology of Chinese Academy of Sciences, which is co-developing a candidate with Zhifei unit, and two other Chinese agencies.

China administered 31.2 million doses of COVID-19 vaccines for key groups as of February 3

China has administered 31.2 million doses of COVID-19 vaccines for key groups of people as of Feb. 3, Mi Feng, spokesman for the National Health Commission, said at a media briefing on Thursday. China aims to vaccinate 50 million people before the start of the Lunar New Year on February 12th, state media Global Times said in January.

China has nearly 1b internet users

The number of China's internet users hit 989 million by the end of last year, an increase of 85.4 million from March 2020, according to a report on China's internet development released Wednesday.

China's battery giant CATL to invest \$4.5b in expansion

Contemporary Amperex Technology Co Ltd (CATL), China's largest automotive lithium-ion battery maker, announced Tuesday that it plans to invest up to 29 billion yuan (\$4.5 billion) in capacity expansion. In addition, a majority-owned subsidiary will invest up to 5 billion yuan in an expansion project of an automotive-battery production line in Xiapu county of Ningde, a city in East China's Fujian province, CATL said.

Tesla China supercharger factory starts production

Tesla China announced that its supercharger manufacturing factory in Shanghai was put into production on Wednesday, less than half a year after the project was officially launched in August 2020. The company said the opening of its China supercharger plant will contribute to the popularization of its V3 supercharger in the country. To date, Tesla has opened more than 730 supercharging stations across China.

China's online retail sales up 10 pct in 2020

China, the world's largest online retail market for an eighth consecutive year, saw its annual online retail sales total 11.76 trillion yuan (about 1.82 trillion U.S. dollars) in 2020, up 10.9 percent year on year. The figures were unveiled on Wednesday in a statistical report on China's internet development, issued by the China Internet Network Information Center. Online sales of physical commodities reached 9.76 trillion yuan in 2020, accounting for nearly a quarter of all retail sales of consumer goods, according to the report. By December 2020, China was home to 782 million online consumers, that number up by more than 72 million compared with March 2020 and accounting for nearly 80 percent of the country's internet-using population.

China's factory recovery slows in January as COVID-19 returns

China's factory activity grew at the slowest pace in five months in January, hit by a wave of domestic coronavirus infections, but still in line with the ongoing recovery in the world's second-largest economy. The official manufacturing Purchasing Manager's Index (PMI) fell to 51.3 in January from 51.9 in December, the National Bureau of Statistics said in a statement on Sunday. It remained above the 50-point mark that

separates growth from contraction on a monthly basis, but was below the 51.6 expected in a Reuters poll of analyst forecasts.

China was largest recipient of FDI in 2020

China was the largest recipient of foreign direct investment in 2020 as the coronavirus outbreak spread across the world during the course of the year, with the Chinese economy having brought in \$163 billion in inflows. This compared to \$134 billion attracted by the United States, the United Nations Conference on Trade and Development (UNCTAD) said in a report released on Sunday. In 2019, the United States had received \$251 billion in inflows and China received \$140 billion. Overall, global FDI had collapsed in 2020, falling by 42% to an estimated \$859 billion, from \$1.5 trillion in 2019, according to the UNCTAD report.

China's rail freight volume up 11.8% in January

The volume of freight carried on China's railways hit a record high in January as economic activity steadily recovered. Railways transported 324 million tons of cargo last month, up 11.8 percent year-on-year, according to data from the China State Railway Group Co Ltd (China Railway). Transport of coal used for power generation amounted to 120 million tons, surging 23 percent year-on-year. With a strong rebound in the fourth quarter, China's economy expanded 2.3 percent in 2020, becoming the only major economy to achieve positive growth in the pandemic-ravaged year.

China's new coal power plant capacity in 2020 more than three times rest of world's

China put 38.4 gigawatts (GW) of new coal-fired power capacity into operation in 2020, according to new international research, more than three times the amount built elsewhere around the world and potentially undermining its short-term climate goals. Including decommissions, China's coal-fired fleet capacity rose by a net 29.8 GW in 2020, even as the rest of the world made cuts of 17.2 GW, according to research released on Wednesday by Global Energy Monitor (GEM), a U.S. think tank, and the Helsinki-based Centre for Research on Energy and Clean Air (CREA). "The runaway expansion of coal-fired power is driven by electricity companies' and local governments' interest in maximizing investment spending, more than a real need for new capacity," said Lauri Myllyvirta, CREA lead analyst. China approved the construction of a further 36.9 GW of coal-fired capacity last year, three times more than a year earlier, bringing the total under construction to 88.1 GW. It now has 247 GW of coal power under development, enough to supply the whole of Germany.

China's power generation growth continues to accelerate in 2020

China saw its growth of power production continue to accelerate in 2020, according to data from the National Bureau of Statistics. In 2020, China's power generation hit 7.42 trillion kilowatts hours (kWh), an increase of 2.7 percent year on year. In December alone, the country's power output rose 9.1 percent from a year ago to 727.7 billion kWh. The growth rate was 2.3 percentage points higher than that in November.

- In breakdown, thermal power generation jumped by 9.2 percent year on year last month, 2.6 points higher than in November.
- China saw faster growth in its output of wind power and solar power in December, up 7.1 percent and 8.9 percent year on year.
- Nuclear power generation rose 6.2 percent year on year in December, compared with a 0.8-percent decrease in November.
- Hydropower generation jumped 11.3 percent last month, unchanged from a month ago.

Solar power is expected to surpass wind power as the third-largest power source in the country. China is aiming to come up with another 70 gigawatts to 90 gigawatts of solar installed capacity on average each year during the 14th Five-Year Plan period (2021-25).

Consumption of natural gas, hydropower, nuclear power and wind power in 2019 accounted for 23.4 percent of the country's total energy consumption, 8.9 percentage points higher than that in 2012, according to a white paper titled Energy in China's New Era, published by the State Council Information Office in December. Consumption of non-fossil fuels accounted for 15.3 percent of total energy consumption last year, 5.6 percentage points higher than that in 2012 and surpassing the 15 percent goal set for 2020, it said.

China books biggest deal yet for U.S. corn

China booked its biggest purchase of U.S. corn yet, the U.S. Agriculture Department said on Friday, as the country tries to meet a surge in demand for animal feed. USDA said that private exporters reported the sale of 2.108 million tons of corn for delivery to China in the 2020/21 marketing year. It was the second-biggest daily sale on record, eclipsed only by a deal for 3.72 million tons to the USSR in January 1991.

China's natural gas output tops 188b cubic meters in 2020

China produced 188.8 billion cubic meters of natural gas in 2020, representing a growth of 9.8 percent year-on-year, data from the National Bureau of Statistics (NBS) showed.

China has seen its annual natural gas output increase by more than 10 billion cubic meters for four consecutive years, according to the NBS. China imported 102 million tons of natural gas in 2020, up 5.3 percent year-on-year, according to the NBS data.

China's industrial robot production up 19.1% in 2020

China's industrial robot production rose 19.1 percent year-on-year to 237,068 units last year, data from the Ministry of Industry and Information Technology showed. In 2020, China's major industrial robot makers above a designated size raked in 53.17 billion yuan (\$8.24 billion) in operating revenue, up 6 percent from a year earlier. During the same period, their profits fell 26.9 percent year-on-year to 1.77 billion yuan, and the decline was 24.4 percentage points narrower than that in the first three quarters.

China's Lenovo posts record profit in third-quarter, beating expectations

China's Lenovo Group, the world's biggest maker of personal computers, posted record profit and revenue in the third quarter on Wednesday, helped by robust demand from people working from home as COVID-19 restrictions persisted. Net profit jumped by 53% to a record \$395 million in the October-December quarter. That beat an average estimate of \$293.7 million from eight analysts, according to Refinitiv data. Revenue also reached \$17.25 billion - its highest ever - in the third quarter of the 2021 financial year, up 22% from the second quarter.

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Happy Year of the Ox!

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