

SCI China Market Update – May 2024

Dear Friends,

When families from the city and country eagerly spend time and money to travel, it's likely a sign that the economy and consumer confidence are improving. And the tens of millions of people traveling in China and abroad surely boost the economy as well. The nearly weeklong Chinese May Day holiday is over, together with Hanfu (Han dynasty style dressing) and Chipao (colorful cheongsam) and traditional Chinese costumes that spring up in the ancient cities of Luoyang, Xi'an, Shanghai, Suzhou, Beijing and everywhere.

A WeChat video shows thousands of May Day tourists across China enjoying springtime in the thousand-year old capital of Luoyang while wearing Hanfu costumes. In all 6.84 million tourists visited Luoyang during the May Day holidays. More than 1.3 billion trips were taken for a daily average of 271.69 million trips, an increase of 23.7 percent over 2019 - before the COVID-19 pandemic - and a year-on-year increase of 2.1 percent. Shanghai reported steady growth in both online consumption and in-store spending, reaching 53 billion yuan (\$7.35 billion) during the five-day holiday, according to official data.

The current USD to RMB exchange rate is \$1 = RMB7.22 yuan. What else is new in the China economy? Below is some of the latest news culled from various public sources:

French and Chinese firms ink deals on sidelines of Xi's Paris visit

French and Chinese companies signed on Monday deals ranging from energy, finance and transport on the sidelines of Chinese President Xi Jinping's visit to the French capital.

MAIN CONTRACTS

- Agreement to set up a global strategic partnership in the battery industry between Xiamen Tungsten New Energy and Orano.
- Memorandum of understanding between Envision and Suez.
- Supply contracts for electric traction systems between Alstom company and the New United Group for metro lines in Beijing and Wuhan.
- 3 partnership projects between EDF-SPIC, namely hydrogen production, installation of photovoltaic panels in Saudi Arabia, and maintenance of low-consumption public lighting in Wuhan.
- Memorandum of understanding between Fives and Envision for cooperation in the assembly of battery cells in France.
- Supply contract for the electric traction system for line 8 of the Hefei metro between Alstom-CRRC.
- Contract between the city of Dongguan and Suez for incineration of municipal sludge
- Renewal of the strategic MoU between the Bank of China and Credit Agricole.

- Support contract, still under discussion, between Safran Helicopter Engines and the private company General Dynamic Aero Technology Co. Ltd.(GDAT)
- Commitment of EDF and China General Nuclear Power Group (CGN) on the continuation and expansion of existing cooperation.

China Extends Visa-Free Entry for French, Germans, and the Nationals of 10 Other Countries to 2025

China will extend its visa-free policy for citizens of 12 countries including France, Germany, and Italy till the end of 2025, the ministry of foreign affairs announced today.

The exemption policy, released last November, first included passport holders from six countries, including Malaysia, the Netherlands, and Spain, and was supposed to last for one year. But in March, China added six other countries: Switzerland, Ireland, Hungary, Austria, Belgium and Luxembourg.

French cognac makers rally on China's 'open attitude' to probe

French cognac makers rallied on Tuesday after President Emmanuel Macron flagged his Chinese counterpart's "open attitude" amid a trade dispute that could see possible tariffs imposed by China on EU brandy imports.

China imported \$1.57 billion worth of spirits from distilled grape wine in 2023 through November, and France accounted for 99.8% of all EU brandy exports, according to Chinese customs data. Macron presented Xi with a bottle of Remy Cointreau's exclusive Louis XIII cognac, which retails for 3,000-4,000 euros (\$3,230-4,306) apiece, among other gifts on Monday.

Chinese EV maker BYD welcome to open factory in France, French finance minister says

France would welcome China's electric vehicle giant BYD if the company should it decide wanted to open a factory in France, Finance Minister Bruno Le Maire said on Monday. "France welcomes all industrial projects. BYD and the Chinese auto industry are very welcome in France," Le Maire said at a meeting with car sector executives. Le Maire spoke as China's President Xi Jinping was on a rare state visit in Paris.

China's foreign exchange reserves fall to 3.2 trillion USD in April

China's foreign exchange reserves fell to 3.2 trillion U.S. dollars at the end of April, down 1.38 percent from the end of March, the State Administration of Foreign Exchange said on Tuesday. The country's foreign exchange regulator attributed this decrease to the combined impact of currency translation and asset price changes.

China launches historic mission to retrieve samples from far side of the moon

China on Friday launched an uncrewed spacecraft on a nearly two-month mission to retrieve rocks and soil from the far side of the moon, the first country to make such an ambitious attempt. The Long March-5, China's largest rocket, blasted off at 5:27 p.m. Beijing time (0927 GMT) from Wenchang Space Launch Center on the southern island of Hainan with the more

than 8 metric ton Chang'e-6 probe. Chang'e-6 is tasked with landing in the South Pole-Aitken Basin on the far side of the moon, which perpetually faces away from the Earth, after which it will retrieve and return samples.

China's Shenzhou-18 manned spaceship successfully launched

At 8:59 p.m. (Beijing Time) on April 25, China's Shenzhou-18 manned spaceship, atop a Long March-2F carrier rocket, blasted off from the Jiuquan Satellite Launch Center in northwest China. About 10 minutes after the launch, the Shenzhou-18 spaceship separated from the rocket and entered its designated orbit, marking the success of China's first manned mission in 2024. The Shenzhou-18 crew members are Ye Guangfu, Li Cong and Li Guangsu, with Ye as the mission commander. The Shenzhou-18 mission is the third manned mission during the application and development stage of China's space station and the 32nd flight mission of China's manned space program.

China's manufacturing PMI down in April

The purchasing managers' index (PMI) for China's manufacturing sector came in at 50.4 in April, down from 50.8 from last month, official data showed Tuesday.

Musk Leaves China With Tesla Driving Software Hurdles Cleared

Elon Musk's quick visit to China paid immediate dividends, with Tesla Inc. receiving in-principle approval from government officials to deploy its driver-assistance system in the world's biggest auto market. Elon Musk wins official praise for Tesla during his surprise visit to China. Virtually all Teslas have a driver-assistance system called Autopilot, while the more robust FSD feature comes at a premium price. China Association of Auto Manufacturers said in a statement that Tesla's Model 3 and Y vehicles had passed China's data security requirements.

DuPont sees China demand returning, raises full-year forecasts

Industrial materials maker DuPont said it sees demand returning in China and raised its full-year forecasts on Wednesday, sending shares of the company up 6% in morning trading. Low demand in key markets, including China, had forced chemical companies to resort to cost cuts and destocking last year, but global manufacturing output is now improving. DuPont raised its 2024 adjusted earnings forecast to \$3.45 to \$3.75 per share from \$3.25 to \$3.65 it had previously estimated. It also lifted full-year sales estimates to between \$12.10 billion and \$12.40 billion from \$11.90 billion to \$12.30 billion.

BMW to invest a further \$2.76 billion in key market China

BMW said it planned to invest an additional 20 billion yuan (\$2.76 billion) in its Shenyang production base in China, in a sign of the premium carmaker's "unwavering commitment to the Chinese market".

The sum, which brings total investment in the plant up to some 105 billion yuan, will allow for production of the Neue Klasse EV-only line, a multibillion-euro effort to jump the technology gap with competitors, starting in 2026, it added.

Chinese shipbuilding enterprise to build 18 ultra-large LNG transport ships for Qatar

A Chinese shipbuilding firm will construct 18 ultra-large liquefied natural gas (LNG) transport ships each with a payload capacity of 271,000 cubic meters for Qatar. The deal for the world's largest single shipbuilding order between China State Shipbuilding Corporation (CSSC) and QatarEnergy was signed Monday.

The LNG transport ships are dubbed "sea-going super refrigerated trucks" that carry LNG at temperatures as low as minus 163 degrees Celsius. Such ships are among the most challenging ship types to construct in the world. The 271,000-cubic-meter LNG transport ship has a total length of 344 meters, a breadth of 53.6 meters, and a depth of 27.2 meters, making it the world's largest LNG transport ship. Compared to conventional 174,000-cubic-meter LNG transport ships, it boasts a 57 percent increase in carrying capacity. The ships will be independently designed and constructed by Hudong-Zhonghua Shipbuilding, a subsidiary of the CSSC.

China's second homegrown cruise ship enters final assembly phase at dock

China's second domestically built large cruise ship docked at the No.2 dock of its builder Shanghai Waigaoqiao Shipbuilding Co, a subsidiary of China State Shipbuilding Corp. Construction began on the second China-made cruise ship in August 2022. It was not a simple duplication of the Adora Magic City, but an upgraded version that's 17.4 meters longer. The cruise ship has a total weight of 142,000 tons. It's 341 meters long and 37.2 meters wide, with 2,144 rooms, making it larger and with more rooms than the Adora Magic City.

China's shipbuilding output climbed 11.8 percent year-on-year to 42.32 million deadweight tons in 2023, according to data from the China Association of the National Shipbuilding Industry. New orders surged 56.4 percent year-on-year to 71.2 million dwt, while orders on hand totaled 139.39 million deadweight tons as of end-December.

China's power generation up 2.8 percent in March

Power generation of China's major electricity production enterprises went up 2.8 percent year on year in March 2024, official data showed.

Total power output of these firms reached 747.7 billion kilowatt-hours last month, according to the National Bureau of Statistics (NBS).

A breakdown of the data revealed that the output of solar power increased by 15.8 percent year on year, while that of wind power rose 16.8 percent. The output of thermal power and hydropower climbed 0.5 percent and 3.1 percent, respectively, on a yearly basis, according to the NBS.

China's crude oil output increases in January-March

China's crude oil output posted steady growth in the first three months of this year, official data showed. The output totaled 53.48 million tons in the January-March period, rising 2.3 percent year on year, according to the National Bureau of Statistics. During the same period, China imported 137.36 million tons of crude oil, edging up 0.7 percent year on year, according to the data.

China's natural gas output rises in January-March

China's natural gas output hit a record high in the first quarter of 2024, data from the National Bureau of Statistics (NBS) showed. The country produced 63.2 billion cubic meters of natural gas in the January-March period, up 5.2 percent from a year earlier.

China's natural gas imports posted fast growth during this period, NBS data also revealed. A total of 32.79 million tonnes of natural gas was imported in the first three months of the year, up 22.8 percent year on year, according to the bureau.

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