

RIGHT TRACK

FDI inflows set to rise this year

Upticks likely in producer services and advanced manufacturing

By **LIU ZHIHUA**
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Foreign direct investment inflows into China are expected to expand at a relatively fast pace this year despite the complex domestic and international situation, according to industry experts and business leaders.

Sectors like producer services, a category of services based on service functions, high-tech and advanced manufacturing, will become more attractive for foreign investment this year, they said.

China plans to attract and utilize foreign capital by optimizing the various services and strengthening foreign investment protection, according to the blueprint for economic and social development for the next five years and the long-range objectives through the year 2035.

Latest data from the Ministry of Commerce show that China's actual use of FDI rose by 31.5 percent on a yearly basis to 176.76 billion yuan (\$27 billion) during the first two months of this year. The nation surpassed the United States as the biggest FDI recipient last year.

"China will face greater pressure in attracting foreign investment this year, due to changes in the global supply and industrial chains," said Zhang Fei, associate director of the Institute of Foreign Investment of the Chinese Academy of International Trade and Economic Cooperation.

"However, the country's strong economic resilience, huge market potential, industry-friendly policies, and continuously improving business environment will continue to be attractions for foreign investors."

China's efforts to foster a higher level and international rules-based opening-up also show its determination to promote openness and



Employees work on the production line of a Spanish electronics company in Hai'an, Jiangsu province. ZHAI HUIYONG / FOR CHINA DAILY

win-win cooperation. This will help the country to attract more foreign investment and bolster the confidence of overseas investors, she said.

According to a recent survey released by the American Chamber of Commerce in China, 61 percent of the respondents termed China as a priority investment destination and expressed confidence that the country would further open its markets to foreign investment.

The members continue to see business opportunities in the going global plans of Chinese companies, efforts to boost domestic consumption and new digital technologies.

Leon Wang, executive vice-president of AstraZeneca and CEO of AstraZeneca China, said the country will continue to attract foreign investment with the help of lower tariffs, shorter negative lists, improved market access, transparent market rules and an attractive business environment.

AstraZeneca is bullish on China's new dual-circulation development model and will continue to invest

in the country, he said.

Zhang from the CAITEC expects sectors like advanced manufacturing, smart manufacturing, intelligent terminals, autonomous driving, smart home, sensors and commercial 5G, and digitalization-related industries to be key areas for foreign investment during the 14th Five-Year Plan period (2021-25), as China needs to seize the opportunities arising from the new round of global technological revolution and industrial transformation.

Zhang Yansheng, chief researcher at the China Center for International Economic Exchanges, expects China's high-quality economic development to channel more FDI into the services sector, while the producer services sector will remain attractive for FDI as the Chinese economy expands.

"More FDI will flow into industries such as artificial intelligence, information technology, pharmaceuticals and healthcare, high-end manufacturing, as well as the new economy, such as industrial internet,"

Green industries that include technologies, equipment and services for carbon footprint reduction will also become increasingly appealing to FDI, as China continues to make efforts to deliver on its commitment to peak carbon emissions by 2030 and realize carbon neutrality by 2060, he added.

However, experts said trade tensions between China and the US could cause uncertainties for FDI flows.

The growing global emphasis on safety of supply and industrial chains could cause confusion and a sense of uncertainty among foreign investors, said Zhang from the CCIEE.

He said China should strengthen the unofficial or non-government-led communication channels to enhance mutual understanding with foreign investors. Zhang said China must also improve occupational education and training to boost the labor quality, and enhance consistency of regulations, both at the central and local government level.

Catering and retail recoil at Japan's water move impact

By **WANG ZHUOQIONG**
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Chinese catering companies and retailers have expressed concern over the possible disruptions to marine supply chains and seafood consumption in the country, after Japan said it would release more than 1 million metric tons of contaminated water from the destroyed Fukushima nuclear plant into the Pacific Ocean within two years.

Jason Yu, general manager of Kantar Worldpanel China, a leading market researcher, said the contaminated water will have a negative impact on breeding and growth of marine creatures near Japan and along the coastal regions of China.

"Though marine product exports from Japan to China are not that large, the impact from the radioactive water release will be felt in the global supply chains and the overall marine ecosystem, considering that marine animals are constantly on the move," said Yu.

Yu said imports and exports of Japan-made food products will also be affected, due to lingering safety concerns.

Among the supply chains that are likely to be affected, the sea salt sector would face the maximum impact, said Zhu Danpeng, a food industry expert based in Guangzhou.

"The release will pose a direct threat to the marine environment, the fisheries industry as well as sea salt industry, which accounts for 90 percent of the salt consumption in China," said Zhu.

Consumers in the country have also voiced their concerns over the safety of food from the oceans near Japan.

Isaac Yao, who works at a multinational agricultural company in Beijing, said the discharge of contaminated water would definitely cast a shadow over his food choices at Japanese restaurants and on

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shopping at supermarkets.

"I would raise questions on the origin of the sea food on the menu at restaurants," said Yao. "While shopping for groceries, I would have second thoughts on any sea food from the coastal areas of the Pacific Ocean."

Bian Jiang, a cuisine industry veteran in Beijing, said China imports very little food from Japan. The majority of the food materials used in restaurants in China are from Europe or the Mediterranean region.

However, in the long term, "there is no way to escape the negative effect of the radioactive water discharge in Japan on marine animals, the seafood sector and the catering industry," said Bian. "The scale of the impact still requires scientific analysis."

Bian said per capita fish consumption in China is about half that of the people in Europe and the United States. Most of the Chinese consume freshwater fish, rather than those from the ocean, he said.

Fukushima decision roils certain Chinese stocks

By **SHI JING** in Shanghai
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Stocks of fishery and environmental protection companies listed in China's A-share market have been moving in opposite directions ever since concerns arose over Japan's decision to release more than 1 million metric tons of contaminated water from the damaged Fukushima nuclear plant into the Pacific Ocean. Fishery-related stocks fell while green-themed shares soared on two consecutive trading days.

A-share listed environmental protection companies reported an average 0.66 percent price increase on Wednesday, following the marginal 0.04 percent average increase on Tuesday.

Shortly after the Japanese government said on Tuesday that it would proceed with plans of discharging radioactive water into the Pacific Ocean, industry leader ChiNext-listed Henan Qingshuiyuan Technology Co Ltd, which offers waste water disposal technology and products, saw its shares rise by the daily limit of 20 percent on Tuesday. Another industry giant Fujian Haixia Environmental Protection Group which trades on the main board at the Shanghai bourse saw its shares rise by the daily limit of 10 percent.

The two companies continued to touch the daily price increase barriers on Wednesday.

Other Chinese companies have also responded quickly to Japan's decision. Shenzhen-listed CEC Environmental Protection Co Ltd announced on Tuesday that it has taken a leading position in China, in dealing with waste water from nuclear power plants. The company said it will give full play to its competitive edge in technology for nuclear plants' waste water disposal. Shares in the company's rose 2.86 percent to 7.54 yuan (\$1.15) on Wednesday.

Membrane technology provider

Suntar Environmental Technology Co Ltd, which went public on the STAR Market in November 2019, saw its shares surge 4.01 percent to 16.86 yuan. The company said that its membrane technology has been used in the Qinshan Nuclear Plant in Zhejiang province and the Tianwan Nuclear Plant in Jiangsu province for waste water disposal.

Though concerns were expressed regarding the possible impact on sea life in China's maritime zone, the country's domestic freshwater fisheries index compiled by market tracker Wind Info rose by 9.26 percent, with eight companies in the sector seeing their share prices surge by the daily limits.

The intraday surge was, however, not reflected in the overall market performance on Wednesday. According to Wind Info, agricultural and fishing companies listed on the A-share market saw their prices fall by an average 2.59 percent, while the benchmark Shanghai Composite Index and the Shenzhen Component Index edged up by 0.6 percent and 1.55 percent.

Liu Youhua, research director of Shenzhen Rongzhi Investment Consultant Co, a market research firm, said the surge in agriculture and fishing industry shares was mainly due to short-term speculation. There is no long-term momentum to further push up the prices of publicly-traded agricultural and fishing companies and this is the likely trend that investors should be aware of, he said.

Zhang Binmei, an analyst from Orient Securities, said in a report that China's fishing industry has turned around since the beginning of this year, as seen in the 8.1 percent year-on-year growth of the fishery product CPI in March. The waning impact of the COVID-19 epidemic and the decline in supplies of fishery products in the previous months are the main reasons for the rising price index, he said.

'Three cities' to sustain growth in Guangdong

By **ZHENG CAIXIONG** in Guangzhou and **LIU WEILING** in Shantou, Guangdong

South China's Guangdong province is expecting Zhuhai, Shantou and Zhanjiang to accelerate their development pace and play an even bigger role in the region's overall economic growth.

Zhu Wei, deputy director of the Guangdong Provincial Development and Reform Commission, said Guangdong, one of the country's economic powerhouses, has entered a fast development path and it would be far from enough if the province merely relies on the rapid development of the Pearl River Delta, led by Guangzhou and Shenzhen.

The province achieved a gross domestic product of more than 11 trillion yuan (\$1.69 trillion) last year.

Zhu said the provincial government has released special documents and policies to encourage and support the three cities to speed up economic construction and become new engines for economic growth.

According to Zhu, Zhuhai, located at the mouth of the Pearl River, will become a modern international special economic zone with Chinese characteristics and a

demonstration zone for greater cooperation between Guangdong and Macao.

Shantou in the eastern part of Guangdong will be developed as a dynamic special economic zone, while Zhanjiang, a port city in Leizhou Peninsula in the western part of Guangdong, is expected to become a provincial pivotal city and an important development pole of the coastal economy.

Zhang Yisheng, vice-mayor of Zhuhai, said Zhuhai will seek to strengthen the convergence and integration of policies, rules, livelihood projects and public affairs with Macao while enhancing infrastructure connectivity and widening its development space.

Meanwhile, Zhuhai will try to become a high-speed railway hub in the western Pearl River Delta and help bring Macao into the country's advanced high-speed railway network. Construction of a light rail track linking Macao and Zhuhai has already started, Zhang said.

Shuang Dehui, executive deputy mayor of Shantou, said Shantou, one of the major hometowns of overseas Chinese, will accelerate construction of regional innovation centers in the coming months.

"Shantou will also make use of its unique advantages of numerous



The container terminal in Shantou, Guangdong province. PROVIDED TO CHINA DAILY

overseas Chinese who are now living and working in more than 100 nations and regions around the world, to further upgrade its reform and opening-up and build the city into a new destination for overseas economic cooperation through opening-up and innovation," Shuang said.

Shuang said Shantou intends to further bolster cooperation with ASEAN, its largest trade partner. Last year, Shantou's imports from ASEAN grew 32.2 percent, while exports increased 31.3 percent on a yearly basis. The official said more than 70 percent of the overseas Chinese from Shantou live in the ASEAN region.

Cao Xing, executive vice-mayor of Zhanjiang, said the city will expand cooperation with Hainan island, the country's largest special economic zone and a big free trade port, to tap the global market in the future.

"Zhanjiang will spare no effort to enhance its ties with Hainan on free trade ports, communications, logistics, modern services and related infrastructure industries."

Zhanjiang and Hainan will jointly build a special cooperation zone between Guangdong and Hainan provinces in Xuwen county, located at the southernmost tip of Leizhou peninsula to develop the coastal economy. Last year, Zhanjiang and Hainan's container throughput reached 377,000 twenty-foot equivalents, up by 41.7 percent on a yearly basis. Zhanjiang is also home to gigantic projects of Baosteel, Zhongke (Guangdong) integrated refinery and petrochemical project and BASF's smart Verbund petrochemical project.

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Briefly

Loader sales increase 52% in March

Sales of China's 23 leading loader makers reached 22,772 units in March, up 52 percent on a yearly basis, data from the China Construction Machinery Association showed. Some 4,151 loaders were

exported to the overseas market, a 40.5-percent growth from the same period last year. In the first quarter, total loader sales came in at 39,333 units, climbing 60.7 percent on a yearly basis. The robust pace of sales reflects strong demand for construction machinery and macroeconomic vitality in the quarter,

according to industry insiders.

Innovative medicine expo starts in Hainan

An exhibition on innovative medicine and medical equipment has opened in the Boao Lecheng International Medical Tourism Pilot

Zone in South China's Hainan province, with 810 exhibits from 16 countries on display. Of the 810 exhibits, 441 are yet to be approved for sale in the Chinese mainland market, official data from the pilot zone showed.

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