

ASIA REPORT MAGAZINE

ISSUE NO. 5

SEPTEMBER - OCTOBER

2022

News and comments on
doing business in the
Far East

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economic trends



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Issue n. 5

September - October 2022

Asia Report is a magazine focusing on doing business in the Far East region, on regulations of cross-border investments and economic trends.

Asia is home of the fastest-growing and largest economies: China is the first manufacturing hub, the top economy in trade and the largest market by number of consumers. South East Asian countries combined represent the fifth largest economy worldwide and the fifteen Asia-Pacific members of the Regional Comprehensive Economic Agreement created the largest free trade area in the world. Asia is projected to exceed fifty per cent of the World's GDP by 2040.

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China's Export Leadership and Digital Yuan

China's gradual integration into the global economy has fueled its rise for many years. In its strategies, Beijing values the vulnerability of interconnecting with different regions and promotes the "Dual Circulation", a strategy that enhances foreign economic relations while focusing primarily on the domestic market.

Having faced new variables such as a pandemic, war in Europe, tensions with the United States, and critical issues in logistics and value chains, the Chinese leadership has changed and adapted its approach to investment and trade in international markets with domestic reforms that focus on technological innovation and self-sufficiency.

Despite Beijing's position promoting a different global development, President Xi Jinping's New Silk Road project remains the cornerstone of China-World relations. Launched in 2013, this global infrastructure project aims to promote interconnection between each region, with a specific focus on Africa and the Far East. Health crisis and deteriorating relations with the West have shifted the Chinese government's focus to the domestic market, resulting in a slowdown in global integration.

China remains a leader in global trade and the first country in exports. In the first six months of 2022, Chinese trade with the rest of the world expanded by 9.4 per cent compared to 2021, and trade with its top three trading partners - the ASEAN, the EU, and the US - grew by 14.9 per cent, 13.7 per cent, and 12.5 per cent respectively. Among the few countries with a positive trade balance with China in 2021 were Brazil in South America, Germany, Russia, and Switzerland in Europe, Japan and South Korea in Asia, and Australia in the Pacific.

This trend has brought China to the center of a vast network of free trade agreements, including the Regional Comprehensive Economic Partnership (RCEP) involving the countries of ASEAN, Japan and South Korea, as well as Australia and New Zealand creating the most largest free market of the world. Those who keep their investments in the RCEP region will benefit from duty-free trade and increased export flows to China. The weight of Beijing in commerce and trade agreements accelerates the growth of the groups that are present in Asia-Pacific.

The relationship between Chinese markets and foreign price lists is direct because it is part of the recent Chinese control of large specific regulatory groups for their management at a domestic and transnational level, with a correlated impact between different markets.

In addition, Beijing is aiming for an increased use of its own currency, the Yuan, in exchanges with the rest of the world, with an increased use that could be obtained thanks to the digital Yuan, which at the moment has the main purpose of replacing the role of the big tech companies that control domestic financial transactions in the mobile environment.

China and the Digital Economy Partnership Agreement

According to China's Ministry of Commerce (MOFCOM), China's accession to the Digital Economy Partnership Agreement (DEPA) will expand a standardized digital market and provide more business opportunities.

China's commitment to DEPA will also strengthen the agreement's impact on global digital economies and shows its willingness to expand international cooperation in the digital economy.

The joint committee of the DEPA has established an Accession Working Group (AWG), which will be chaired by Chile. The establishment of the AWG indicates that China will start carrying out substantive negotiations with DEPA members about joining the agreement.

China filed a formal application to join the DEPA on November 1, 2021, and is speeding up its digital development and expanding opening-up at a stable pace.

Chile, New Zealand, and Singapore were the first countries to sign the DEPA on June 12, 2020, and it entered into force on January 7, 2021.

These founding members are one of the most open economies in the world and have signed many free trade agreements with other countries. South Korea shows great interest in joining it. AWG discussions for South Korea's application are currently ongoing and are chaired by Singapore. The Canadian government has also expressed interest in joining.

There are 16 articles in the DEPA, which cover a variety of business initiatives and data issues with a view to cultivating a business-friendly environment and collaborating on key digital technologies like artificial intelligence (AI) and fintech.

China's Net Zero Carbon Policies

Nine departments, including the Ministry of Science and Technology ("MOST"), have recently released the Implementation Plan for Supporting Carbon Peak and Carbon Neutrality with Science and Technology (2022-2030) (the "Plan").

The Plan, in response to the carbon emission bases for major industries in China and the estimated carbon emission reduction demand by 2060, systematically sets out the innovation direction for supporting carbon peak and carbon neutrality with science and technology, coordinates the building of low-carbon technology demonstrations and bases, talent development, the fostering of low-carbon technological enterprises, international cooperation and other measures, and urges the output, demonstration and application of scientific and technological results, with a view to providing scientific and technological support for the goals of carbon peak and carbon neutrality. To this end, the Plan proposes ten specific actions, including the actions to provide technological support for green and low-carbon energy transformation, to make breakthrough in low-carbon and zero-carbon industrial process reengineering technology, and to make key breakthrough in low-carbon and zero-carbon technology in construction and transportation sectors. Among others, the Plan stresses the efforts to utilize the resource endowment mainly characterized by coal, focus on the clean and efficient use of coal, increase the consumption capacity of new energy, promote the optimal combination of coal and new energy, ensure national energy security, and reduce carbon emissions.

Harbin and Economic Trends

Harbin is the provincial capital and the largest city of Heilongjiang province. It is a key political, economic, scientific, cultural, and communications hub in northeastern China. With a population of 10 million and an area of 53,068 square kilometers, the city has jurisdiction over 9 districts, 2 county-level cities, and 7 counties.

The ongoing reform and opening have facilitated the rapid development of the industry in Harbin, and the status and function of the tertiary industry in the national economy are becoming increasingly conspicuous. Harbin's key industries include equipment manufacturing, pharmaceuticals, food processing, and petrochemicals. The city produces commodity grains, textiles, and other cash crops thanks to its nutrient-rich black earth soil. It has established a complete agricultural process chain, with the agricultural sector accounting for around 10 percent of the city's GDP.

In 2021, the GDP reached 518 billion RMB, up 5.3% compared to the previous year, while the GDP per capita amounted to 59,100 RMB. The total value of Harbin's international trade reached 35 billion RMB in 2021, with the exports amounting to 18 billion RMB and the total value of imports to 17 billion RMB.

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China's Digital Transformation of SMEs

The Ministry of Industry and Information Technology ("MIIT") and the Ministry of Finance ("MOF") have recently released the Circular on Providing Financial Support for the Pilot Program for Digital Transformation of Small and Medium-sized Enterprises (the "Circular").

The Circular stipulates that, from 2022 to 2025, the central finance will, in three batches, support the local pilot program for the digital transformation of small and medium-sized enterprises in order to develop a number of small, rapid, light-weight, and precise digitization system solutions and products. The Circular specifies that, during the pilot program, attention will be given to the small and medium-sized enterprises in the key areas of manufacturing industry and the key links in the industry chain, and greater support will be offered to the small and medium-sized enterprises that have urgent need for digital transformation, huge development potential and remarkable economic and social significance. Priority will be given to the small and medium-sized enterprises engaged in pharmaceutical and chemical manufacturing, general and special equipment manufacturing, auto parts and accessories manufacturing, transportation equipment manufacturing, electrical machinery and equipment manufacturing, computer, telecommunication, electronics, and other industries.

Quanzhou and Economic Trends

Quanzhou is a prefecture-level port city located in the southeast of Fujian province. The city was the starting point of the historic Maritime Silk Road and one of China's most crucial ports. It covers an area of 11,218 square kilometers with a population of 9 million and has jurisdiction over 4 districts, 3 county-level cities, 4 counties, and 2 special economic districts.

Its importance for medieval maritime commerce, unique mix of religious buildings, and extensive archaeological remains contributed to Quanzhou's old town to be inscribed by UNESCO as a World Heritage Site in 2021.

Quanzhou is a major foreign trade center and transportation hub in the province and is actively working to build a diversified economy by promoting distinctive industries such as resin processing, shoes and garments, building materials, stone carving, and oolong tea in China and worldwide. Its core industries are textiles, shoes and clothing, petrochemicals, and mechanical equipment.

In 2021, the city's GDP reached 1.3 trillion yuan, an increase of 8.1% compared to the previous year, while the GDP per capita amounted to 120,000 RMB. Quanzhou's total import and export value reached 261 billion RMB in 2021, with the exports amounting to 203 billion RMB and the total value of imports to 58 billion RMB.

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China's Green Finance Policies

China's climate actions are critical to the planet's net-zero future. During the UN General Assembly in September 2020, President Xi committed to bring its emissions to a peak before 2030 and to become fully carbon neutral by 2060. These objectives have also been included in the country's latest five-year plan, covering 2021-2025.

Research estimates that China needs to close an annual funding gap of about RMB1.1 trillion (\$170 billion) in the coming 30 to 40 years to achieve its ambitious carbon peak and carbon neutrality goals. This will inevitably require a robust financial system to encourage, facilitate and direct finance into these areas.

As China moves towards carbon neutrality, it will need to expand its financial tools and use fiscal and taxation policies more effectively.

According to policy recommendations from the Ministry of Finance published in May 2022, a basic economic policy framework must be developed by 2030 to promote green and low-carbon development. Based on the recommendations, the tax system will be adjusted to include more preferential policies encouraging energy and water conservation and carbon emission cuts. Import tariffs should also be adjusted to meet low-carbon development requirements.

Listed below are some key developments in Chinese green finance over the past two to three years.

In April 2021, an updated version of the Green Bond Endorsed Project Catalogue (2021) was issued to replace the previous version issued in 2015. The Catalogue 2021 has achieved three breakthroughs: Carbon-intensive projects such as cleaner use of coal and other fossil fuels are no longer supported; unified the criteria for defining green projects among regulatory authorities of green bonds for the first time; and provides a stable framework and room for flexibility for domestic green bond development.

To align Chinese taxonomies with international taxonomy frameworks and principles, China has participated in various international initiatives. In November 2021 and with an updated version in June 2022, the EU and China (the EU Commission and the People's Bank of China) published the Common Ground Taxonomy reports to provide more clarity and transparency about the similarities and differences between taxonomies and potentially contribute to the analysis to lower the transboundary cost of sustainable investments

According to the 14th Five-Year-Plan of Finance Standardization, improving green financial standards is among the five pillars supporting China's green finance system. China issued multiple green finance-related industry standards in 2021 and 2022, that serve as guidelines and institutional capacity building for the green finance system.

- In July 2021, People's Bank of China (PBOC) released the Financial Institutions Environmental Information Disclosure Guideline providing guidelines on how financial institutions should disclose environmental information in a standardized and structured way.
- In July 2021, PBOC released the Environmental Rights Financing Tools, which set out general requirements and process of financing based on environmental rights (right to discharge pollutants, rights to emit emissions, right to use water, right to use energy, etc.).
- In April 2022, China Securities Regulatory Commission (CSRC) released the Carbon Financial Products, breaking down carbon financial products into three categories: carbon market financing tools, carbon market trading tools (derivatives), and carbon market support tools.

Climate finance and related carbon financing products have recently received considerable attention and development.

- In October 2020, five departments of China jointly issued the Guiding Opinions on Promoting the Investment and Financing in Response to Climate Change, proving that climate finance was part of green finance, and climate finance should benefit both climate mitigation and climate adaptation activities.
- In December 2021, nine Chinese government departments jointly issued Climate Investment and Financing Pilot Working Program. More than 30 cities are now participating in climate finance pilot programs, encouraging financial institutions to explore carbon funds, pledges of carbon assets, and carbon insurance.

The China Banking and Insurance Regulatory Commission (CBIRC) issued the Banking and Insurance Sector Green Finance Guidelines on 1 June 2022. These guidelines are the first to explicitly refer to ESG and to ask banks and insurance agencies to effectively incorporate the concept into their operations.

China-Europe Freight Train August 2022

According to the data from China State Railway Group Co. (China Railway), the number of China-Europe freight train trips in 2022 hit the 10,000 mark, 10 days earlier than 2021.

The trains have carried 972,000 twenty-foot equivalent units (TEUs) of goods this year, up 5 percent over a year ago, according to China Railway.

With 82 routes, the trains now connect 200 cities in 24 European countries, forming a transport network covering all Europe. Over 50,000 different types of goods are transported across 53 categories on trains, including automobiles, parts, clothing and accessories, and grain.

China has significantly improved its domestic railway infrastructure and train transport capacity in recent years.

In 2022, the average daily freight volume on the eastern route for the China-European freight train services surged 41.3 percent from 2020, and that of the western and central routes rose 20.7 percent and 15.2 percent, respectively.

Wenzhou and Economic Trends

Wenzhou is a prefecture-level city in southeastern Zhejiang province. The city is surrounded by mountains, the East China Sea, and over 400 islands, while its lowlands extend almost entirely along its 355 kilometre East China Sea coast. With a population of 9 million and an area of 12,255 square kilometers, the city has jurisdiction over 4 districts, 3 county-level cities, and 5 counties.

The city is renowned for commercial activities and a well-developed private economy. As part of its "two-wheel drive for manufacturing development" strategy, Wenzhou has promoted the transformation and upgrading of traditional industries such as electricity, footwear, clothing, parts for automobiles and motorcycles, pumps and valves, as well as the development of strategic emerging industries like digital economy, intelligent equipment, life and health, new energy, and new materials. Its electrical industry was selected for the development of 20 advanced manufacturing clusters in the country.

In 2021, the GDP reached 758 billion RMB, up 7.7% compared to the previous year, while the GDP per capita amounted to 87,300 RMB. The total value of Wenzhou's international trade reached 241 billion RMB in 2021, with the exports amounting to 203 billion RMB and the total value of imports to 38 billion RMB.

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Malaysia GDP Q2 +8.9%

Malaysia's economy grew at its fastest annual pace in a year in the second quarter as domestic demand expanded and exports remained resilient.

The central bank, Bank Negara Malaysia (BNM), reported that GDP from April to June grew by 8.9% over a year earlier, higher than the 5.8% rise in the previous quarter.

It was also quicker than any annual rate since the second quarter of 2021, when GDP was up 16.1% from a low year-earlier base.

Since reopening its borders in April, Malaysia's economy has been recovering steadily.

The estimated growth for 2022 will likely be near the top of the previously forecast range of 5.3% to 6.3%.

BNM said gradual changes in the overnight policy rate would be necessary to avoid stronger measures in the future, adding that any moves would be measured and gradual.

July marked the second straight meeting where the central bank raised its benchmark interest rate.

Yantai and Economic Trends

Yantai is a coastal prefecture-level city located in northeastern Shandong province, and was one of the earliest cities in northern China to open its commercial port. It lies along the Yellow and Bohai seas, boasting 230 offshore islands and seven natural bays. Yantai covers an area of 13,864 square kilometers with a population of 7 million and has jurisdiction over 12 county-level divisions, including 5 districts, 6 county-level cities, and one development zone.

Yantai is an important center in the Bohai Economic Rim area, one of China's largest economic circles. It serves as a logistics hub connecting the Beijing-Tianjin Economic Circle and Yangtze River Delta. It is also a gateway city to Japan and South Korea. The Yantai Area of the China (Shandong) Pilot Free Trade Zone, built in August, 2019, is also helping the city become more open in investment, finance, education and medicine. The city is home to a large number of auto parts manufacturers, as well as companies specializing in logistics, shipbuilding and marine technology, chemical, electronics and IT, and agro-food.

In 2021, the GDP reached 871 billion RMB, up 8% compared to the previous year, while the GDP per capita amounted to 122,700 RMB. The total value of Yantai's international trade reached 411 billion RMB in 2021, with the exports amounting to 244 billion RMB and the total value of imports to 167 billion RMB.

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China's Economy July 2022

China's economy is still facing significant challenges as July has seen a rise in new outbreaks of COVID-19 along with the downcycle of the property sector and slowing global growth. There has been mixed growth in most economic indicators, which has been below expectations.

The National Bureau of Statistics (NBS) reported Monday that retail sales of consumer goods, a major indicator of the country's consumption strength, increased 2.7 percent year on year in July.

NBS data show the country's sales of consumer goods in July totaled around 3.59 trillion RMB (about USD 532.6 billion). In the first seven months, China's total retail sales of consumer goods stood at 24.63 trillion RMB, down 0.2 percent year on year.

Retail sales were bolstered by online consumption. In the January-July period, online sales of physical goods climbed 5.7 percent year on year.

Moreover, data showed that sales of major supermarkets grew 4.1 percent year on year in the first seven months, while that of convenience stores rose 4.6 percent from a year ago.

With policies to boost demand, the decline in catering revenue has narrowed. Revenues in the sector fell 1.5 percent year-over-year in July, narrowing by 2.5 percentage points from June.

The pro-consumption policies, supportive measures for enterprises, and improved consumption environment will continue to boost China's consumption.

The first seven months of 2022 saw China's value-added industrial output, an important economic indicator, rise by 3.5 percent compared to the same period a year earlier.

The industrial output measures the activity of designated large enterprises with an annual business turnover of at least 20 million RMB (about USD 2.96 million).

In July alone, industrial output rose 3.8 percent year on year and expanded 0.38 percent over June, according to the NBS.

In a breakdown by ownership, the value-added output of state-controlled enterprises led the gains with a year-on-year growth of 5.4 percent in July, followed by share-holding enterprises.

During the period, utilities' production and supply reported the fastest year on year growth rate of 9.5 percent among the three major sectors, outpacing mining and manufacturing.

Based on the NBS data, the high-tech manufacturing sector grew by 5.9 percent year-over-year, 2.1 percentage points faster than the overall industrial sector.

Other major economic indicators, including the index of services production and fixed-asset investment, also posted year-on-year growths, the NBS data showed.

China's property development investments dropped 6.4% in the first seven months of 2022 compared to last year's period.

The total property investment in the period stood at 7.95 trillion RMB (about USD 1.18 trillion). Residential building investment dropped 5.8 percent year over year to 6.02 trillion RMB.

New stabilization policies are being implemented by the government as the real estate sector goes through a period of sharp decline.

China's overall unemployment rate continued to decline in July, from 5.5% in June to 5.4%, the lowest jobless rate since January. The pressure on the labor market is still great, and it requires the government to implement various measures to stabilize employment.

Hefei and Economic Trends

Hefei is the capital and largest city of Anhui province in central China, located north of the Yangzi River, which divides the province into two parts. The city's history dates back to the Western Han period when the city was an important agricultural trading center. With an area of 11,434 square kilometers and a population of more than 9.5 million, the city has jurisdiction over 9 county-level divisions, including 4 districts, 1 County-city, and 4 counties.

Hefei plays an important role in the Anhui's economic growth, being the area's political, economic, commercial, educational, scientific and technological, cultural, and information center. Its main industries are machinery, electronics, chemistry, steel, and textile. The city has established economic and trade relationships with more than 216 countries and regions. Over 3,000 enterprises from 64 countries and regions have invested in and started businesses here.

In 2021, the city's GDP reached 1.1 trillion yuan, an increase of 9.2% compared to the previous year, while the GDP per capita amounted to 73,100 RMB. The city's total import and export volume was 51 billion yuan in 2021, with the exports amounting to 31 billion RMB and the total value of imports to 20 billion RMB.

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China's Convention on Profit Shifting

Recently, the State Taxation Administration ("STA") has issued the Announcement on the Entry into Force of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in China and Its Application to Certain Tax Treaties (the "Announcement").

The Announcement states that, on May 25, 2022 China deposited its instrument of rectification for the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "Convention") with the Secretary-General of the OECD. Pursuant to Paragraph 2 of Article 34 (Entry into Force) of the Convention, the Convention will enter into force in China on September 1, 2022. According to the Announcement, the Convention's impacts on China's existing tax treaties include three parts: the tax treaties to which the Convention applies, the clauses amended by the Convention, and the consolidated texts of the Convention and existing tax treaties. China has adopted two types of achievement recommendations in the Convention: the minimum standard clauses of BEPS; and other BEPS achievement recommendations usually included in the tax treaties signed by China in recent years.

Fuzhou and Economic Trends

Fuzhou is the capital and one of the largest cities in Fujian province, located on China's southeastern coast. With a long tradition as a coastal port and shipbuilding center, it is one of the major coastal cities in the country. It covers an area of 12,231 square kilometers with a population of 8 million and has jurisdiction over 6 districts, 1 county-level city, and 6 counties.

Fuzhou has a convenient transportation network comprised of a three-in-one system of sea, land and air transportation. The Fuzhou Changle International Airport serves 98 cities around the world with 128 domestic and overseas routes, while the Fuzhou Port, the largest water transport terminal junction in the province, connects the city to the main harbors along the Yangtze River and to over 30 ports in more than 20 countries and regions.

The city is a center for commercial banking, woodworking, engineering, papermaking, and textile industries. Fuzhou features 22 industry parks and development zones.

In 2021, the GDP reached 1.13 trillion RMB, up 8.4% compared to the previous year, while the GDP per capita amounted to 75,259 RMB. The total value of Fuzhou's international trade reached 332 billion RMB in 2021, with the exports amounting to 220 billion RMB and the total value of imports to 112 billion RMB.

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China's Trade Trends July 2022

According to the latest data disclosed by the General Administration of Customs of China, the total international trade in the first seven months of 2022 increased by 10.4 percent to 23.6 trillion yuan (USD 3.64 trillion) compared to the same period the previous year. During the first seven months, the country's exports grew 14.7 percent year-on-year to reach 13.37 trillion yuan (USD 2.06 trillion), whereas imports were up 5.3 percent to hit 10.23 trillion yuan (USD 1.58 trillion).

ASEAN remained China's largest trading partner during the first seven months, accounting for 15 percent of the country's total foreign trade. China's trade with its top three trading partners - the ASEAN, the EU, and the US - grew 13.2 percent, 8.9 percent, and 11.8 percent from a year ago, respectively. China's trade with Belt and Road economies jumped 19.8 percent year-on-year, while that with the 14 Regional Comprehensive Economic Partnership (RCEP) economies was up 7.5 percent from January to July.

In July alone, Chinese exports exceed growth expectations of 18 percent year-on-year to USD 332.96 billion. July imports totaled USD 231.7 billion, a rate of growth of 2.3 percent from a year earlier and higher than June's rate of growth of 1 percent. The nation's trade balance climbed to about USD 101 billion in July, surpassing the previous record set in June.

China's Green Energy H1 +8.1%

Solar and wind power capacities in China's renewable energy sector grew during the first half of 2022 as the country pursues a green energy transition aimed at becoming carbon neutral by 2060. Total renewable power generation capacity rose by 8.1 percent year-over-year to 2.44 billion kilowatts in the first half.

According to the National Energy Administration, installed wind power capacity grew 17.2 percent to 340 million kW, while solar power capacity rose 25.8 percent to 340 million kW.

During the first six months of 2022, renewable power engineering investment by major power generation enterprises reached 215.8 billion yuan (\$31.96 billion), with solar power generation spending up 283.6 percent to 63.1 billion yuan. Investment in power grid projects rose to 190.5 billion yuan, up 9.9 percent compared with the same period of 2021.

China's total installed capacity of renewable energy generation has increased by around 90 times over the past ten years, with the generation capacity of hydropower, wind, solar, and biomass ranking tops in the world.

The combined installed capacity of wind and solar power in China has reached 670 million kW, almost 90 times that of 2012. During the 14th Five-Year Plan period (2021-25), China's renewable energy generation capacity is expected to account for more than 50 percent of the country's total, and the generation capacity for wind and solar power will be doubled.

Kunming and Economic Trends

Kunming is the capital and largest city of Yunnan province. It is the political, economic, communications, and cultural center of the province as well as the seat of the provincial government. With an area of 21,473 square kilometers and a population of more than 8.5 million, the city has jurisdiction over seven districts, one county-level city, three counties, and three autonomous counties.

Kunming's economic importance derives from its geographical position. It is near the border with Southeastern Asian countries, serving as a transportation hub in Southwest China, making it also an important trade center in the region. The city is China's largest producer of agricultural products, minerals, and hydroelectricity. It has two major development zones, Kunming High-tech Industrial Development Zone and Kunming Economic and Technology Development Zone, and also features 30 key industrial parks.

In 2021, the city's GDP reached 722 billion yuan, an increase of 3.7% compared to the previous year, while the GDP per capita amounted to 94,000 RMB. The city's total import and export volume was 171 billion yuan in 2021, with the exports amounting to 93 billion RMB and the total value of imports to 89 billion RMB.

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China's Digital Economy in 2021

According to the white paper on the global digital economy, China reached USD 7.1 trillion in 2021, accounting for more than 18 percent of the amount of 47 major countries, ranking second after the United States.

Digital economy is a key force driving China's economic development. The white paper shows that from 2012 to 2021, China's digital economy grew at an average rate of 15.9 percent, with its share of GDP increasing from 20.9 to 39.8 percent.

According to the research, Germany, Britain, and the United States ranked among the top three in terms of their digital economy's share in GDP, all exceeding 65 percent. While in terms of growth rate, Norway's digital economy increased by 34.4 percent year on year, the fastest globally.

Taiyuan and Economic Trends

Taiyuan is the capital and largest city of Shanxi Province. The city is surrounded by mountains on three sides, and the Fen River, the second largest tributary of the Yellow River, flows from north to south. With a population of 5.4 million, it covers an area of 6,988 square kilometers and has jurisdiction over six districts, one country, and three county-level cities.

The city is one of the leading manufacturing bases of China and a key logistics hub connecting Inner Mongolia with inland provinces. Rich in both natural resources and economic strength, Taiyuan has made efforts to develop a market-oriented, law-bound, and international business environment. Its main sectors include steel, mechanical engineering, and textiles. Furthermore, as the city keeps achieving major advancements in agricultural industrialization, a growing number of leading enterprises have flourished there.

In 2021, the GDP reached 512 billion RMB, up 9.2% compared to the previous year, while the GDP per capita amounted to 96,000 RMB. The total value of Taiyuan's international trade amounted to 121 billion RMB in 2021, with the exports amounting to 52 billion RMB and the total value of imports to 69 billion RMB.

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China-Cambodia New Investments

According to a report released by the Council for the Development of Cambodia, the country attracted USD 1.29 billion in fixed-asset investment from China in the first half of 2022.

The report shows that China remained the top foreign investor, accounting for 43% of the total investment worth \$ 2.99 billion in the January-June period of 2022. Other foreign investments in Cambodia came from Thailand, Samoa, the British Virgin Islands, South Korea, Singapore, the Cayman Islands, Malaysia, Japan, and Australia.

Investment projects focused on agriculture and agro-industry sectors, manufacturing, tourism, and infrastructure.

The main factors encouraging more Chinese investors to Cambodia are the Cambodia-China Free Trade Agreement (CCFTA) and the Regional Comprehensive Economic Partnership (RCEP) trade deal.

Both the CCFTA and the RCEP trade deal entered into force on Jan 1, 2022.

Cambodia's General Department of Customs and Excise registered a 19.7 percent year-on-year growth in the Cambodia-China trade volume to USD 5.98 billion during the first half of 2022.

Changchun and Economic Trends

The city of Changchun is located at the center of Songliao Plains in northeast China. It is the capital and largest city of Jilin Province and has jurisdiction over seven districts, three county-level cities, and one County. With a population of 9 million and an area of 20,570 square kilometers, it is one of the biggest cities in northeast China.

The city is establishing world-class industrial bases and actively developing strategic emerging industries with the automobile, agricultural product processing, and railway vehicle as its three pillar industries. Holding on to the strategy of "keeping a balance between the secondary and tertiary industries, " the city is increasing its economy driven by both industries and giving prominence to the private economy to accelerate the upgrading and transformation of the city's economic development.

In 2021, the GDP reached 710 billion RMB, up 6.2% compared to 2020, while the GDP per capita amounted to 81,000 RMB. The total value of Changchun's international trade amounted to 9.8 billion RMB in 2021, with the exports amounting to 1.8 billion RMB and the total value of imports to 8 billion RMB.

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IMF World Forecast July 2022

The International Monetary Fund released its World Economic Outlook on July 26, 2022. The report forecasts global growth this year at 3.2%, slowing further to a GDP rate of 2.9% in 2023. These revisions represent a downgrade of 0.4 percentage points and 0.7 percentage points, respectively, over the April projections.

Several shocks have hit the global economy: increased inflation, especially in the US and major European economies, triggering tighter financial conditions, a significant contraction in the growth of the Chinese economy, linked to new outbreaks and lockdowns, as well as the consequences of the war in Ukraine.

IMF lowered the 2022 GDP forecast of the United States by 1.4 percentage points, from 3.7% to 2.3%. Other advanced economies are also expected to slow down their growth: IMF revised the projections for Germany (from 2.1% to 1.2%), Spain (from 4.8% to 4%), the United Kingdom (from 3.7% to 3.2%), Japan (from 2.4% to 1.7%), and Canada (from 3.9% to 3.4%). Italy's 2022 growth outlook is revised up by 0.7 percentage points (from 2.3 to 3%). Italy is the only G7 country with a growth forecast for 2022.

The 2022 forecast downgrade also reflects revisions among a few large emerging markets. The Chinese economy is expected to grow 3.3% in 2022, 1.1 percentage points less than previously expected. India's forecast was cut by 0.8 percentage points to 7.4%, while for the largest five ASEAN economies (Indonesia, Malaysia, Philippines, Thailand, and Vietnam), the growth remains stable at 5.3%.

China-Africa New Tax Treaties

Recently, the State Taxation Administration ("STA") has issued the Announcement on the Entry into Force and Implementation of Bilateral Tax Agreements and Protocols between China and Congo, Angola, Rwanda, and Other Countries (the "Announcement").

The Announcement clarifies that, regarding bilateral tax agreements and protocols between China and Congo, Angola, Rwanda and other countries, both signatories have completed their respective domestic legal procedures required for their entry into force. Among them, the Agreement between the Government of the People's Republic of China and the Government of the Republic of Congo for the Elimination of Double Taxation with Respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance (the "China-Congo Agreement") and the protocol thereof were officially signed in Beijing on September 5, 2018. The China-Congo Agreement and the Protocol, entering into force on July 6, 2022, apply to taxes withheld at source on or after January 1, 2023, and any other taxes levied during the tax year or accounting period beginning on or after 1 January 2023.

Myanmar and ASEAN

Myanmar is a country located in the western portion of mainland Southeast Asia. The country's capital city is Naypyidaw, and its largest city is Yangon. The country is divided into twenty-one administrative subdivisions, which include 7 regions, 7 states, 1 union territory, 1 self-administered division, and 5 self-administered zones. Myanmar has a population of over 54 million and covers an area of 261,227 square kilometres.

The country possesses abundant natural resources, a strategic location at the crossroads of Asia, a young population, and a sizable market with wide-ranging investment opportunities. Among Myanmar's long-term goals are equitable development, protecting natural resources, and creating jobs. Myanmar is also endowed with renewable energy, it has the highest solar power potential compared to other countries of the Great Mekong Subregion.

The GDP was USD 65 billion in 2021, while the GDP per capita amounted to USD 1,200. The total value of Myanmar's international trade amounted to USD 29 billion in 2021, with the exports amounting to USD 15 billion, and the total value of imports to USD 14 billion.

About 80 percent of the country's trade with foreign countries is done through sea routes and its main import and export destinations were China, Japan, and India. Myanmar's main exports include agricultural products, animal products, minerals, forest products, and finished industrial goods, while it imports capital goods, raw industrial materials, and consumer goods.

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the World. The ASEAN Economic Community (AEC) has a combined GDP of USD 3.6 trillion according to estimates for 2022.

Customs Rules for CIIE

The General Administration of Customs ("GAC") has recently issued the Announcement [2022] No. 62 to publish the Customs Clearance Notice for the Fifth China International Import Expo of 2022 and the Facilitation Measures of the Customs for the Fifth China International Import Expo of 2022.

According to the Announcement, relevant facilitation measures include issuing a customs clearance notice to provide detailed guidelines; setting up a normalized service agency for quick response; deepening technological applications and creating intelligent supervision & service mode, among others. The Announcement specifies that, for the inbound animals and plants and their products, food of animal and plant origin and the Chinese medical herbs that require administrative approval involving inspection and quarantine, Shanghai Customs and related Customs are authorized to handle the approval procedures in the nearest locality, and the relevant approvals shall be completed within three working days; in accordance with the principle of "facilitation and operability", Shanghai Customs is entrusted to exercise the power of acceptance and examination on the overseas production enterprises of the imported aquatic products, dairy products and cubilose sold in the exhibition area, which are exempted from overseas on-site examination. After the examination, the GAC will issue temporary registration documents.

China's GDP June 2022

China's GDP in the first half of 2022 exceeded 56 trillion yuan (about \$8.3 trillion), which represents a growth of about 2.5% compared to the first six months of 2021. The data for the second quarter of the year, on the other hand, is below expectations: during the three months from April to June, the Chinese economy slowed significantly.

When the country's growth in the second quarter of this year is compared with the same period last year the growth rate is 0.4%, this is mainly caused by the stringent anti-Covid measures implemented in April which had a significant economic impact. The impact of these measures was particularly felt in Shanghai, due to the two months of lockdown imposed by the authorities, during this second quarter of 2022 Shanghai's fell by 13.7% when compared with the second quarter of 2021.

China's Container Throughput 2022

According to a forecast report released by the Chinese Academy of Science (CAS), the total container throughput of China's ports will continue to grow this year, giving support to the country's foreign trade and global supply chain operations.

Logistics services demand is growing at almost every container port in China, particularly at Ningbo-Zhoushan Port in Zhejiang province, Qingdao Port in Shandong province, and Tianjin Port. Seven Chinese container ports are expected to rank among the top 10 in the world, with Shanghai topping the list.

Shanghai is expected to have a container throughput of 48.2 million TEU (twenty-foot equivalent unit) units this year, an increase of 2.5 percent from last year. The port's average daily operating volume will remain over 100,000 TEUs despite a decline in overall container volume this year due to COVID-19.

According to the report, the Ningbo-Zhoushan port, which is expected to rank third, will see a significant increase in total container traffic, which is likely to reach up to 33.4 million TEU this year, an increase year-over-year of 7.5%.

Global trade relies heavily on ports as a part of international logistics. China is the world's largest manufacturer as well as the biggest country for trade in goods. The country's high level of trade activity creates a high demand for container ports.

Beijing's consumption measures

Beijing authorities have launched a series of measures to boost consumption in the Chinese capital.

Eight government departments jointly issued restaurant coupons worth 100 million yuan (USD 14.9 million) online and offline to promote the recovery of the catering market in July.

The coupons will be funded by the government and platform enterprises.

The city will issue a total of 30 million yuan worth of coupons for accommodation in suburbs from July to late September. Additionally, Beijing planned to expand vehicle consumption and launch events to boost digital, cultural and sports consumption.

The measures are expected to contribute to the accelerated consumption recovery and mitigate the epidemic's impact on life and production as much as possible.

Laos and ASEAN

Laos is a landlocked country in Southeast Asia. It consists of an irregularly round portion in the north that narrows into a peninsula-like region stretching to the southeast. The climate is mostly tropical savanna and influenced by the monsoon pattern. Its capital and largest city is Vientiane. The country is divided into 17 provinces and one prefecture. Provinces are further divided into districts and then villages. An "urban" village is essentially a town. The country's capital and largest city is Vientiane. With an area of 236,800 square kilometres it has a population of over 7 million.

Laos' economy relies heavily on trade and investment with neighbouring Thailand, Vietnam, and China. 80% of employment is provided by subsistence agriculture, which accounts for half of the GDP. Laos is rich in mineral resources and imports petroleum and gas. Metals are a significant industry in the country, and the government hopes to attract foreign investment to exploit the abundant deposits of coal, gold, copper, tin, and bauxite. The mining industry of Laos has received notable attention with foreign direct investments. A substantial portion of Laos' economic development has come from this sector.

The GDP was USD 19 billion in 2021, while the GDP per capita amounted to USD 2,500.

The total value of Laos's international trade amounted to USD 13 billion in 2021, with the exports amounting to USD 7 billion, and the total value of imports to USD 6 billion. The main import and export destinations were China, Thailand, and Vietnam.

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China's CPI June +2.5%

According to the National Bureau of Statistics (NBS) data released on July 9, China's consumer price index (CPI), a leading indicator of inflation, rose 2.5 percent year on year in June.

On a monthly basis, June's CPI reversed the 0.2 percent decline in May to remain flat due to effective COVID-19 control and a sufficient supply of consumer goods.

Data shows that food prices declined 1.6 percent from May to June, reducing consumer inflation by about 0.3 percentage points.

Non-food prices rose 2.5 percent from a year earlier, compared to the 2.1 percent rise in May, lifting the yearly consumer inflation by about 2.01 percentage points.

The gasoline and diesel prices continued the upward trend with year on year growth of 33.4 percent and 36.3 percent, respectively, while airfare surged by 28.1 percent from a year ago.

Additionally, the data showed that China's producer price index, which measures costs for goods at the factory gate, went up 6.1 percent in June.

Thailand and ASEAN

Thailand is a Southeast Asian country located at the center of the Indochina peninsula. There are 76 provinces in Thailand, which are first-level administrative divisions, along with Bangkok, the capital and biggest city, and Pattaya, which are governed as a special district. With an area of 513,000 km² it has a population of 70 million people.

Thailand is an emerging economy and is considered a newly industrialised country, with manufacturing, agriculture, and tourism as the leading sectors. Its economy is heavily export-dependent, with exports accounting for more than two-thirds of gross domestic product. The country is a key player in the Association of Southeast Asian Nations (ASEAN), enjoying a strategic location that provides easy access to a larger market of over 660 million people, making it a community of connectivity, a single market and production base.

The GDP was USD 513 billion in 2021, while the GDP per capita amounted to USD 7,340. Agriculture contributed 8 percent to Thailand's gross domestic product, while the industry and the services sector contributed 34 and 58 percent, respectively.

The total value of Thailand's international trade amounted to USD 485 billion in 2021, with the exports amounting to USD 245 billion, and the total value of imports to USD 240 billion. The main import and export destinations were China, Japan, and the United States.

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RCEP Economic Trends June 2022

The Regional Comprehensive Economic Partnership (RCEP) has been in place for six months and has brought significant benefits to import and export businesses and consumers. The agreement has grouped 15 Asia-Pacific economies including all 10 members of the Association of Southeast Asian Nations to create the world's largest free-trade bloc, promoting regional economic integration through tariff concessions and other trade and investment liberalization and facilitation measures.

According to statistics from Beijing Customs, in the first half of 2022, 770 million yuan of import and export goods in Beijing profited from the RCEP, and 687 million yuan of goods of local export enterprises enjoyed a tariff reduction of about 6.87 million yuan in the importing countries.

Japan has become the largest destination for RCEP-related certificates of origin of Beijing, in which 1,602 such certificates have been issued, involving a goods value of 103.5127 million U.S. dollars.

A total of 100,000 tons (metric tons) of goods from other RCEP member countries entered China through the airport in the first half of this year, an increase of 49.8 percent over last year.

The implementation of the RCEP has not only brought tax benefits to foreign trade enterprises but also improved the efficiency of customs clearance.

Vietnam targets 7% GDP growth 2022

The Vietnamese government aims for 7% economic growth in 2022, higher than the official target previously set of 6% to 6.5%.

To achieve this, year-over-year economic growth in the third quarter must be 9.0% and in the fourth quarter 6.3%.

Thanks to the surplus in the budget, Vietnam was able to use fiscal policy to support businesses and residents.

Credit institutions will need to further reduce interest rates on loans to reduce the pressure on input costs for businesses and the economy,

The country began removing the restrictions at the end of last year, allowing factories to resume full operations.

In 2021, the economy grew by 2.58%, which was the slowest rate in decades.

Supported by strong export growth, Vietnam's GDP grew 7.72% during the second quarter, although the inflation rate is expected to rise throughout 2022.

Indonesia and ASEAN

Indonesia is a country situated in Southeast Asia between the Indian and Pacific oceans. It consists of over 17,000 islands that can be grouped into the Greater Sunda Islands of Sumatra, Java, the southern extent of Borneo, and Celebes. The country has 37 provinces, of which eight have special status. The country's capital and largest city is Jakarta. With an area of 1,913,600 square kilometres it has a population of over 270 million

Indonesia has a mixed economy in which both the private and public sectors play an important role. Being the only G20 member state in Southeast Asia, the country has the largest economy in the region and is classified as a newly industrialised country.

Indonesia's transport system has been shaped over time by the economic resource base of an archipelago, and the distribution of its 250 million people is highly concentrated on Java. The road transport system is predominant, Jakarta has the most extended bus rapid transit system globally, boasting 251.2 kilometres in 13 corridors and ten cross-corridor routes. The largest airport in Indonesia is Soekarno–Hatta International Airport, one of the busiest in the Southern Hemisphere.

The GDP was USD 1,119 billion in 2021, while the GDP per capita amounted to USD 4,136. The total value of Indonesia's international trade amounted to USD 339 billion in 2021, with the exports amounting to USD 168 billion, and the total value of imports to USD 171 billion. The main import and export destinations were China, the United States, and Singapore

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Shanghai new social contributions limits

The Shanghai Municipal Human Resources and Social Security Bureau disclosed on 5 July the revised social average monthly salary in the municipality for the year 2021, which increased from RMB 10,338 to RMB 11,396. In accordance

with this figure, starting from 1 July, the upper limit for the social insurance contribution payment is adjusted from RMB 31,014 to RMB 34,188, while the lower limit is increased from RMB 5,975 to RMB 6,520.

According to the Chinese law, an employer is obliged to enrol its employees in the local social security system, make monthly contributions to five social insurance schemes (pension, medical, unemployment, work injury, and maternity) and the housing fund and withhold the individual's part of the contributions from the gross salary.

The contribution payments are based on the employee's average monthly salary in the previous year, with lower and upper limits set by the competent authority for each city.

RsA asia is a tax and corporate advisory firm assisting companies, multinational groups and institutions in Asian region and Far East. With offices in China and a network of correspondents in Asia, the firm specialized in the emerging markets of the Far East region. The firm combines a multidisciplinary vision and focus on different business sectors, providing tax and corporate finance consultancy in Asia.

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