

More US products exempt from tariffs

Move part of broader efforts to further ease trade friction after the recent partial deal

By JING SHUIYU
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More US products will be exempt from China's first round of additional tariffs starting Dec 26, the Customs Tariff Commission of the State Council said on Thursday.

It is the second set of US goods to be excluded from China's first round of tariff countermeasures. The move is part of the broader efforts to further ease China-US trade friction following the much-anticipated partial deal between the two sides.

China's exclusions on some US chemical products, such as white oil, will apply for a year starting Dec 26, the commission said in a statement. Duties that have already been imposed will not be refunded.

The remaining US products subject to China's first round of additional tariffs will not be excluded for the time being, the commission said.

The commission said it will continue the exemption process and release the exclusion lists of US goods subject to the second round of additional tariffs in due course.

Last week, the world's two largest economies reached an agreement on the text of their phase-one trade deal on the basis of equality and mutual respect. The US promised to eliminate extra tariffs on Chinese goods phase by phase, Chinese officials said.



A US cargo ship docks at the Qingdao Port, Shandong province.
YU SHAOYUE / FOR CHINA DAILY

Speaking at a weekly briefing on Thursday, Gao Feng, spokesman of the Ministry of Commerce, said the economic and trade teams of the two sides are communicating closely about the follow-up work like the signing of the agreement.

The contents of the deal will be released after the official signatures, Gao said.

Earlier reports said the deal will cover intellectual property rights, technology transfer, food and agricultural products, financial services, exchange rates and transparency. Both nations have agreed to accelerate legal approvals for the deal.

Analysts said the phase-one agreement will benefit both countries and the whole world. But uncertainties still exist, they said.

Ma Jun, a researcher at the Tsinghua National Institute of Financial Research, said that one positive significance of China and US reaching an agreement on the text of the phase-one deal is to avoid losses for both

economies, lay the foundation for their relatively steady economic development next year and reduce uncertainties facing the global economy.

Lower uncertainties will help boost the confidence of global consumers and investors, Ma said.

Yang Yewei, a macroeconomy researcher with Southwest Securities, said in a study that the recent moves showed that "China-US trade disputes are developing in a positive direction, and reflected the two countries' willingness to de-escalate risks."

However, uncertainty persists, Yang said, as the details of the preliminary trade pact have not yet been released, and there are several procedures to be completed before brokering the deal.

Zhu Jianfang, chief economist with CITIC Securities, said: "Tariff removal and China expanding imports from the US will have positive impact on trade in electronic products, agriculture and related financial products and services."

JPMorgan Chase gets regulatory nod for securities joint venture

By LI XIANG and ZHOU LANXU

US bank JPMorgan Chase & Co said on Wednesday that its securities joint venture in China had received the necessary regulatory approvals to start operations, a further indication of the increasing foreign investment in the rapidly opening-up Chinese financial sector, analysts said.

The bank said in a statement that its securities venture in China will provide a comprehensive set of financial products and services for its Chinese and international clients including securities brokerage, securities investment advisory, and securities underwriting and sponsorship.

JPMorgan became the first US bank to gain majority control of its securities entity in China after Japanese financial group Nomura obtained the regulatory permission to start business operation of its securities JV last month.

The expansion of foreign banks' investment in the onshore securities business highlighted the importance of the Chinese market in their global business strategy as China's regulators have accelerated the opening of the Chinese financial markets to draw more foreign capital, analysts said.

China will remove foreign ownership restriction in the securities, fund management and futures business next year, meaning that foreign financial institutions can have 100 percent control of their business entities in China.

Jamie Dimon, chairman and CEO of JPMorgan, said in a statement that the bank will continue to invest in and support its business in China, which has become a criti-

“The establishment of our new securities company further strengthens JPMorgan's domestic platform and our onshore capabilities ...”

Mark Leung, CEO of JPMorgan China

cal market for its domestic and global clients.

“The establishment of our new securities company further strengthens JPMorgan's domestic platform and our onshore capabilities at a time when China's financial markets continue to evolve and the requirements of our clients continue to develop,” said Mark Leung, CEO of JPMorgan China.

Zhang Deli, chief macroeconomic analyst at Yuekai Securities in Guangdong province, said that foreign financial institutions could leverage their strength in the global network, professional expertise and strong capital position to gain a competitive edge in the Chinese market and their presence could lead to industry consolidation in the Chinese securities sector.

“Foreign firms tend to have extensive international experience and they are strong in business areas such as principal securities trading (where the securities firms use their own capital for capital market investments to

realize higher profits), capital and fixed-income, foreign exchange and commodities markets. Their presence will bring more competition and force local securities firms to accelerate development, which will help energize the Chinese market, and boost the regulator's goal to further open the financial industry,” Zhang said.

Analysts at GF Securities said that foreign securities firms in China have the advantage in areas including derivative trading, asset management and wealth management services over local players. But it is challenging for foreign firms to compete in the onshore securities brokerage and underwriting business in the short run given that they may face limited market channels and higher capital constraints.

China's securities sector will likely see a bigger wave of foreign investment next year as more global financial institutions will seek control of their joint ventures and their participation will bring more competition which is beneficial for the long-term development of China's securities industry, analysts said.

US banks Goldman Sachs and Morgan Stanley have submitted their applications to the Chinese regulator to acquire majority stake in their securities JVs in China. Swiss investment bank Credit Suisse is also in the process of raising the stake in its China securities JV to 51 percent.

Last year, Swiss bank UBS Group became the first foreign bank to gain majority control of its securities business in China.

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Zhuhai, Macao work together for diversified development

By YUAN SHENGGAO

Beijing-based Pachira Information Technology, a leading artificial intelligence technology developer, launched a new investment in the Hengqin New Area of Zhuhai, South China's Guangdong province, earlier this month in support of the AI industry in the Guangdong-Hong Kong-Macao Greater Bay Area.

Founded in 2009 by Kouk Tou Ho from Macao, Pachira Information Technology is a pioneer in speech recognition, natural language processing and voiceprint recognition, and is a service provider for many Fortune Global 500 companies.

The company said it will continue investing in AI, big data, autonomous driving and smart city construction to support the development of Zhuhai's smart sector in the upcoming years.

Ho and his team first arrived in coastal Zhuhai in 2018. Their AI project, focused on the development of core components on smart vehicles, won first prize at the inaugural China (Hengqin) Scientific and Technological Entrepreneurship Competition. Since then, Ho has established close business ties with Zhuhai.

“We gained strong support from the Macao, Zhuhai and Hengqin governments in terms of registration, policy consulting, business negotiation and relevant business arrangements. They bolstered us in business expansion, promotion, strategic partnership, and fund raising and investment,” Ho said. “All those strengthened our resolve to settle.”

Separated from Macao by just a narrow stretch of water, Hengqin has become a gathering hub for young people from Macao, who are keen on seizing opportunities in the Bay Area.

At a news conference on Monday on Hengqin's development in the past decade, Yang Chuan, head of the administrative committee of the Hengqin New Area, said that 2,157 businesses from Macao have settled in Hengqin with their investments totaling \$18.83 billion.



The Hengqin New Area in Zhuhai is being developed as a model zone for Guangdong-Macao cooperation. PHOTOS PROVIDED TO CHINA DAILY



Left: The Hengqin-Macao Youth Entrepreneurship Valley in Zhuhai is a national business incubator with 219 projects initiated by Macao companies. Right: Three foreign participants exchange opinions at Macao-Zhuhai Entrepreneur Summit 2019 in October.



As of Monday, there were 745 newly registered businesses run by people from Macao in the Hengqin New Area this year, signaling a rapid inflow of investment from the special administrative region.

Zhuhai, one of the first special economic zones in China and the only city on the Chinese mainland with bridge links to both Hong Kong and Macao, has long helped Macao moderately diversify its industrial development and has become a preferred desti-

nation for Macao businesses.

There are 4,111 businesses funded by Macao investors in Zhuhai, with total investment worth \$28 billion, and a total of 943 businesses from Zhuhai engaged in multiple industries in Macao.

Zhuhai and Macao signed another batch of agreements for 20 cooperative projects worth more than 19.8 billion yuan (\$2.81 billion) on Oct 21 at the Macao-Zhuhai Entrepreneur Summit 2019. They cover areas such as creative-cultural tour-

ism, finance, cross-border commerce and trade, and healthcare.

A demonstration zone focused on promoting financial cooperation between Guangdong province and Macao was unveiled at the event.

“The Zhuhai special economic zone was founded to support Macao's development, and the Hengqin New Area is thriving during the expanding partnership between Zhuhai and Macao,” noted Guo Yonghang, Party secretary of Zhuhai, during a press event on Dec

10 in the celebration of the 20th anniversary of Macao's return to the Chinese motherland.

“Macao's matter is Zhuhai's matter,” he said. “Zhuhai regards it as the No 1 project to help Macao moderately diversify its industrial development in the city's involvement in the Bay Area.”

Looking ahead, some demonstration projects between Zhuhai and Macao that cover technological innovation, finance, healthcare, cross-border trade, culture, tourism and exhibition as well as other professional services will be carried out to jointly build up a globally competitive modern industrial system for both Macao and Zhuhai, the official said.

Zhuhai will work on its urban planning in such a way as to leave sufficient space for the diversified development of Macao, be it urban development or industrial development.

In 2019, Zhuhai implemented a series of measures including removal of some limitations on legal services, cross-border finance, practice of doctors from Macao and access for Macao people to the mainland's pension system, and enrollment of Macao and Hong Kong kids at schools on the Chinese mainland.

New rules for the qualification of professionals in Macao construction companies were also released this year.

“Zhuhai has a strong industrial foundation, preferential government policies and enough physical development space, while Macao has capital resources, innovation results and global platforms. The two can be complementary to each other,” said Wang Fuqiang, director of the department of industrial planning at the China Center for International Economic Exchanges.

Wang added that Macao has the potential to establish partnerships with Portuguese-speaking and Spanish-speaking countries and regions. The two can explore international markets together and attract more technologies to Zhuhai to build an innovation hub in the Bay Area.

Key cooperation projects between regional partners

1. Traditional Chinese Medicine Science and Technology Industrial Park of Cooperation between Guangdong and Macao

The first cooperative project between Guangdong and Macao based in Hengqin, it has 159 companies including 39 from Macao.

2. Hengqin-Macao Youth Entrepreneurship Valley

Also known as InnoValley, it is a national business incubator with 374 projects under incubation, 219 of which are initiated by Macao companies.

3. Hong Kong and Macao Young People Startup Space

Located in the Zhuhai Hi-Tech Industrial Development Zone, it was set up to industrialize technological results developed by young Hong Kong and Macao people.

4. Hong Kong and Macao Teenagers Internship and Communication Center

Launched in June, it provides internship programs for the youth from Hong Kong and Macao.

5. Huafa-University of Macao Joint Lab

Sponsored by Zhuhai Huafa Group, the lab will have six centers for incubating high-tech projects with core competitiveness and growth potential.

6. Demonstration centers of University of Macau and Macau University of Science and Technology in Hengqin

New centers will be established for production, education as well as R&D purposes.