

## New Era New Development

None of the world's big economies has yet returned to the pre-pandemic level.

China, which came out of the pandemic early, is adjusting to the new market condition with a dual-circulation strategy. One of the two prongs is to spur domestic demand.

It is creating a third stock exchange in Beijing for SMEs, opening wider its service sector, driving momentum in its rural vitalization efforts, among others.

The Hong Kong SAR plans to develop a new metropolis in its northern part to better integrate itself into the overall development of China.

Amid the currently restricted international trades as a result of the pandemic and geopolitics, big name investors still see China with good investment opportunities.

*Anita Tang, Managing Director*



## China Creates New Stock Exchange For Small, Medium-sized Enterprises

President Xi Jinping has announced that Beijing would create a new stock exchange, the third on the Chinese mainland, that would be geared toward small and medium-sized enterprises and largely adopt the rules of the National Equities Exchange and Quotation board.

The new board will focus on innovation-oriented companies as a way of boosting strategic emerging and high-tech industries, and to provide a much-needed injection of capital for these enterprises.

President Xi made the announcement in a video address September 2 at the opening of the China International Fair for Trade in Services. The launch date for the new stock exchange was not announced.

In his speech, President Xi also stated that the city would reform the "New Third Board," referring to the National Equities Exchange and Quotation (NEEQ), an existing stock-trading system in Beijing

that lists cheaper stocks of smaller companies. It is the only company-run stock exchange in China.

Companies listed on this Exchange will be moved over to the new Beijing stock exchange once trading begins.

The NEEQ is an exchange for over-the-counter trading of stocks in smaller public-limited companies, often seen as a kind of entry-level system for smaller companies to raise capital before listing on China's two main stock exchanges or overseas.

By the end of 2020, there were 8,187 SMEs listed on the Exchange, raising a total of RMB 33.9 billion (USD 5.3 billion) over the course of the year.

*China Briefing* observes that "the creation of this new stock exchange will help to give a much-needed injection of capital to SMEs, a section of the economy that has been particularly hard-hit by the Covid-19 lockdowns, rising commodity prices, and an irregular economic rebound."





## Import Expo To Inject Impetus Into China's Rural Vitalizations

The 4<sup>th</sup> China International Import Expo scheduled offline November 5-10 in Shanghai has attracted global players bringing their latest products and offering solutions related to agriculture and rural modernization.

In February, China declared a “complete victory” in eradicating absolute poverty. With the goal of building a moderately prosperous society in all respects, China is ramping up efforts to propel rural vitalization.

“China will prioritize the development of agriculture and rural areas, and fully advance the rural vitalization strategy during the 2021-25 period,” according to Xinhuanet. “By 2035, decisive progress shall be made, with basic modernization of agriculture and rural areas, and by 2050, rural areas shall see all-around vitalization.”

Agribusiness giant Cargill, headquartered in Minnetonka, Minnesota, has participated in the past

three Expos and plans to display its top agricultural products and related processing technologies in Shanghai.

In June, 2021, Cargill agreed to cooperate with the United Nations World Food Program, aiming to help corn growers in northeast China better cope with risks and promote sustainable farming.

Liu Jun, president of Cargill China, reported *Xinhua*, noted that this year marks the 50<sup>th</sup> anniversary of Cargill’s entry in the Chinese market. “The project demonstrates Cargill’s continued commitment to increasing farmers’ income and promoting sustainable agricultural development in China.”

To that end, Cargill also reached an agreement with China Agricultural Science and Education Foundation to provide training and scholarship to farmers and students at agricultural colleges.

## Service Sector Opening Wider

China announced at the 2021 China International Fair for Trade in Services, in September, that it would open up at a higher level.

It will implement across the country a negative list for cross-border services trade, scale up support for the growth of services sector in the Belt and Road partner countries, and share the nation’s technological achievements with the rest of the world, according to Xinhua News Service.

“China’s openness is at record high in history, not only in its financial sector but in all aspects,” *Xinhua* reports as comments of Calvin Fu, chief representative at Abu Dhabi Global Market’s China office.

“The improvement of the business environment in China is quite visible,” said Fu, adding that the country’s market

size, the government’s success in dealing with the pandemic and abundant talent are attractive to foreign investors.

“We have provided integrated supply-chain services to our clients in China during the pandemic and helped them move their products to fulfill overseas demand through our smart global logistics network,” said Gao Tan, general manager of GLP Supply Chain Services. “With booming demand in cross-border trading services, we are highly confident in the Chinese market.”

Statistics show the encouraging performance of the services industry in China. In the first seven months of 2021, the country’s services trade rose 7.3 percent year-on-year to nearly 2.81 trillion yuan (about USD 435.04 billion).

## U Of Chicago Becker Friedman Seminar: China In Today's World – Labor And Aging

The Becker Friedman Institute for Economics at the University of Chicago on December 2 will present a virtual seminar on “Labor and Aging” as an event in its series devoted to “China in Today’s World.”

Moderated discussion will be led by Cai Fang, Director of the Institute of Population Economics, Chinese Academy of Social Sciences; Emily Hannum, Professor of Sociology and Education, University of Pennsylvania, will moderate.

The Institute notes that “China is poised to become the world’s largest economy in the new future. However, such growth is not guaranteed. China faces increasingly complex questions about how to manage the tensions between state control and market influence within its own borders, and how to address international disputes that often arise with expanded global influence.

“Pairing University of Chicago economists with world-renowned experts on China, including both intellectual leaders as well as industry professionals, ‘China in Today’s World’ aims to provide timely insights into these and other key issues, ranging from technology to financial markets, and from international trade to regional political challenges.”

## Opportunities Seen In Chinese Market

Opportunities are seen in the Chinese market, reports Xinhuanet, concluding remarks from the October 6 *New York Times*.

“For some of the biggest names on Wall Street, China’s economic prospects look rosier than ever.” The newspaper cited positive reactions to global investment banking companies J.P. Morgan and Goldman Sachs, as well as global investment management

Inspired by late University economists and Nobel Laureates Gary Becker and Milton Friedman, who believed that economic research could help improve the world, the Becker Friedman Institute for Economics works with the Chicago Economic community to turn its evidence-based research into real-world impact.

Researchers include those from the Booth School of Business, the Kenneth C. Griffin Department of Economics, the Harris School of Public Policy, and the Law School are brought together to foster novel insights on the world’s most difficulty economic problems. “By leveraging robust data and cutting-edge analytical tools, BFI researchers have the potential to play a significant role in meeting the most difficult challenges facing the global economy.”

BFI China is organized around three research initiatives, with UChicago faculty working with Chinese institutional partners: Chinese Economic Growth Initiative; the Macro Finance Research Program; and the Energy Policy Institute at the University of Chicago, China. In partnership with leading Chinese research institutions, EPIC-China explores opportunities to achieve cost-effective pollution reductions that benefit Chinese citizens while fostering economic growth.

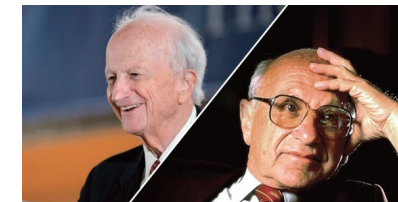


Photo: U of Chicago Becker Friedman Institute for Economics

*BFI encourages collaboration among UChicago schools; it also incorporates ideas from outside academia to challenge assumptions and inspire new ideas.*

*“The Chinese market is so huge that our global clients have shown great interest in it,” said Rochelle Wei, CEO of J. P. Morgan Futures Co. Ltd.*



Photo by Mikhail Nilov from Pexels

## Hong Kong Builds Metropolitan Area

Hong Kong will develop a new metropolis in its northern part to accommodate 2.5 million people and better integrate itself into the overall development of China, according to an October address by Carrie Lam, Chief Executive of China's Hong Kong Special Administrative Region.

As reported in *China Daily*, Lam said at a Legislative Council meeting, "The northern part of Hong Kong is expected to be developed into a metropolitan ideal for people to live, work and travel, noting that more land resources should be created for residential use and development of industries."

Upon full development of the area, a total of 905,000-926,000

residential units, including the existing 390,000 residential units in Yuen Long district and North district will be available to accommodate a population of about 2.5 million.

Lam said the total number of jobs in the metropolis will increase substantially from 116,000 at present to about 650,000, including 150,000 innovation and technology industry-related jobs.

"The proposed individual development projects together with the surrounding rural and consecration areas will be integrated in an innovative and organic manner conducive to upgrading the entire region to a metropolitan area," she said.



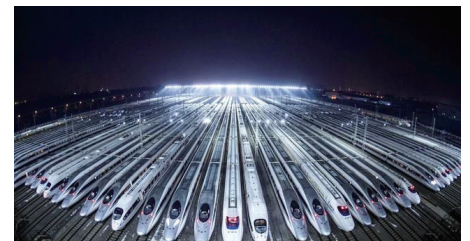
## Fastest-Growing China Industries

International research consultant IBISWorld finds that CINEMAS lead the fastest-growing industries in China in 2021.

There has been increasing demand for premium entertainment and high-quality films. The research report notes that revenues for the industry in China are expected to increase at an annualized 4.7 percent

over the five years through 2021 to total USD 9.4 billion.

Ranking 2 to 10 on the Top Ten list are: Passenger Rail Transport; Cafes, Bars & Other Drinking Establishments; Department Stores & Shopping Malls; Hotels; Mail Order & Online Shopping; Online Shopping; Medical Device Manufacturing; Toll Road Operation; Couriers.



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