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Summary

Amid the growing trade war American IT giants are looking for opportunities to strengthen their presence in the Chinese market: Apple is launching a project to establish a "green energy" fund, and Google, as the media reports, is ready to give up corporate principles and integrate censorship tools for its return to China.

China is reaping the first fruits of the "Made in China 2025" program – the explosive growth of electric vehicles startups – and also testing new cases of AI application (from unmanned submarines to coffee shops and entertainment).

At the same time, dualism among IT giants is finalized, showing the rating topped by companies from the US and China.

Hong Kong continues to actively analyze the innovation in the banking sector and announces the first step on the road to smart banking - the publication of an open API framework.

Against this backdrop, Japan stands out prominently, pursuing a strict policy of regulating the sharing economy services, as a result of which the development of the sphere is significantly slowed down.

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Microsoft Taiwan formed a [partnership](#) with Digital China and Hot Cool in order to set up corporate blockchain infrastructure

The administration of St. Petersburg [announced](#) negotiations with Singapore Cooperation Enterprise regarding the coordination in developing an intellectual transport system of St. Petersburg

Chinese rescue services are testing the drone firefighting technique ([video](#))

Chinese telecommunications giant ZTE Corp. is [ready](#) to comply with the requirements of the USA Department of Commerce A in order to lift the ban on conducting business with American suppliers

China Tower Corp., the state-owned wireless infrastructure operator, is [seeking](#) as much as \$8.7 billion in its planned Hong Kong initial public offering.

Chinese companies are reported to embrace cloud computing [slower](#) than U.S. firms

Chinese internet users are [practicing](#) hashing breaking news and publishing such hash as meta in Ethereum network in order to avoid state censorship

Qualcomm Inc. [scrapped](#) its \$44 billion bid for rival chipmaker NXP Semiconductors NV after Chinese regulators failed to approve the largest-ever deal in the chip industry

Social e-commerce platform Pinduoduo's said to [hike](#) share price by over 20% prior to its US IPO

Starbuck's is planning to [cooperate](#) with Alibaba to launch food delivery service Ele.me

Chinese smart navigation start-up Wayz.ai raised \$80 mln A-round

Chinese mass media express [doubts](#) over the Guizhou's Hyperloop-like project

Xiaopeng Motors, the electric car start-up backed by Alibaba Group Holding, has [completed](#) a 4 billion yuan (US\$587 million) funding round

The Google Station, high-speed public Wi-Fi program, is [launching](#) in Thailand

Facial recognition system Face++ is said to be [raising](#) at least \$600 million from Ant Financial and Russian-China Investment Fund

Chinese e-sports video streaming site Douyu is expected to [raise](#) \$600 million to \$700 million during its US IPO

Chinese Internet of things (IoT) solution provider Tuya Smart has [raised](#) \$200 million

Alphabet's Google is in [talks](#) with Tencent to offer its cloud services in the mainland

American service Musical.ly is no longer available (after Bytedance closed the acquisition of Musical.ly), all users will be [migrated](#) to Chinese app TikTok

Vietnam has [banned](#) the import of cryptocurrency mining equipment

People are [furious](#) about p2p-lending crisis in China causing them to lose their savings

[↑↑↑](#)

News

Apple announces \$300 million clean energy fund in China

12.07.2018

[CNBC](#)

In spite of the existing trade war between the USA and China, Apple in partnership with ten of its suppliers announced the establishing a \$300 million China Clean Energy Fund for investing in renewable energy projects in China. The China Clean Energy Fund aims to produce at least 1 gigawatt of energy — or enough to power about 1 million homes — through fully renewable means over the next four years. The China Clean Energy Fund continues those efforts and, if successful, will serve as a model that may be replicated on the other markets.



Japan is criticized for the regulation of sharing economy

17.07.2018

[CNBC](#)

Japan seeks to regulate businesses based on the sharing economy model, for instance, ride-sharing services like “Uber” and home-sharing services like “Airbnb”. The transportation of non-professional drivers is currently prohibited in Japan. Strict new rules on home-sharing came into force last month that have radically reduced the number of lettings on such platforms.

SoftBank Group Chief Executive Masayoshi Son blasted Japan for not allowing ride-sharing services, calling it “stupid” and saying the country was lagging overseas rivals in areas such as artificial intelligence (AI). The Ministry of Land, Infrastructure, and Transport said that an issue with ride-sharing services was that while the driver was in charge of transporting passengers.

SoftBank and its nearly \$100 billion Vision Fund have invested in ride-sharing firms Uber Technologies, Didi, India's Ola and Southeast Asia's Grab, as well as in other technology companies.



Huge amount of car makers in China

19.07.2018

[WSJ](#)

According to the latest reports, there are 487 electric car makers (including Tesla, which has not launched its factory in China yet), already producing cars (in various states of a finished product) in China today and the number keeps growing. Moreover, the local the local governments are eager to jump in on the bandwagon, for instance - old mining town of Tongling, which know literally nothing about electric vehicles. Actually, it didn't stop them from giving an EV startup \$535 million in land and capital to build an electric-car plant here two years ago.

Apparently, such good results were stimulated by the plan, launched three years ago by the Chinese President Xi Jinping. Called ‘Made in China 2025 plan’, the plan promotes “domestic dominance and global competitiveness” in 10 sectors, includes electric vehicles. With direct government subsidies on electric-vehicle sales totaling \$15 billion over the last few years, there's no way of knowing where the number of EV companies in China will end.



UK security officials warn of 'new risks' from Huawei

19.07.2018

[CNN](#)

The Chinese telecom company Huawei is closely monitored by the United Kingdom government with the help of the specially found oversight panel called the Huawei Cyber Security Evaluation Centre. According to the annual report, the deficiencies in Huawei's engineering processes constitute a risk in the UK telecommunication networks, and the representatives of the Oversight Board can provide only limited assurance that any risks to UK national security from Huawei's involvement in the UK's critical networks have been sufficiently mitigated.



China is developing automatic robotic submarines, controlled by AI

23.07.2018

[Abacus](#)

As reported by South China Morning Post, China is going to add to the “autonomous robotic submarines” to its forces by 2020. Powered by diesel-electric engines that can run for months, the devices are designed to work with little or no human interaction, but only with the help of artificial

intelligence. Its functions will be mining, acting as decoys for enemy subs, and even performing a kamikaze strike.

It is proposed that China's aim is to strengthen the positions vis-à-vis to the Western countries, who are in turn trying to counter militarization efforts by China. According to the mass media report, the Russia and the USA now elaborate the similar models (but with nuclear weapon on board).

[↑↑↑](#)

ROSTEC sold 25.1% in Yota Devices to Chinese investors for 3 billion RUB

24.07.2018

[vc.ru](#)

The buyer is a consortium led by an investment company Trinity World Management. The consortium, including China Baoli, will become the majority shareholder of the company.

According to the representatives of ROSTEC, the sale of company stocks is connected with the growth of the company in the international market and the end of the ROSTEC's mission as strategic investor, which was to maintain the company at an early stage of the development.

[↑↑↑](#)

WeChat integrates a medical info search service

24.07.2018

[Abacus](#)

The WebMD, company specializing in telemedicine, signed a deal with Tencent. The WeChat users will be able to search the information about diseases and their symptoms in the form of articles, videos and slideshows. The focus will be on the illnesses, which are more relevant to the Chinese people (i.e. diseases prevalent among China's population). The noteworthy feature here is the dubious reputation of the Tencent in the West, which relates to the quality of the information as far as ties with pharmaceutical companies (who pay for ads to appear on the site).

[↑↑↑](#)

The robotic coffee shop gains popularity in China

30.07.2018

[TechInAsia](#)

Coffee shop Ratio positions itself as a competitor of Starbuck's, its target audience is also younger generation. The process of placing an order in Ration is quite simple: you just need to unlock the screen of your phone and click several times. There you have an opportunity to choose all ingredients yourself and be sure that your coffee will be special. A sleek robotic arm makes a coffee, and then cheery human waiter brings it to the guest.

The founder of Ratio Gavin Pathross led the digital transformation at Yum China for three years, an offshoot of US fast-food company Yum that operates KFC, Pizza Hut, Taco Bell, and many other brands.

[↑↑↑](#)

Chinese Ministry of Foreign Affairs tests new algorithm for foreign policy planning

30.07.2018

[HightechPlus](#)

The President Xi Jinping entrusted the diplomats "to find the science-based approach to the working out of the Chinese foreign policy". It stimulated the start of development of the special artificial intelligence, which aim is to analyze the State database, forecast the political developments and work out the recommendations for future actions on the international scene. In particular, China is going to use it for the elaboration of special program "One belt – one road".

Google plans to launch censored search engine in China

01.08.2018 || 03.08.2018

[The Intercept](#) || [South China Morning Post](#)

According to the Intercept, the project Dragonfly has been underway since spring of last year. The project is aimed at developing a custom Android app, which will blacklist websites and search terms blocked by the Chinese Great Firewall. When a person carries out a search, banned websites will be removed from the first page of results, and a disclaimer will be displayed stating that “some results may have been removed due to statutory requirements.”

The search app will also “blacklist sensitive queries” so that “no results will be shown” at all when people enter certain words or phrases. The censorship will apply across the platform: Google’s image search, automatic spell check and suggested search features will incorporate the blacklists.

According to the South China Morning Post, Google is also developing a news-aggregation app for use in China, which uses artificial intelligence (also with censorship).

Obviously, Google is not trying to access Chinese market again (its services were blocked in China in 2010). Previously, between 2006 and 2010, Google had maintained a censored version of its search engine in China. At the time, the company faced severe criticism in the U.S. over its compliance with the Chinese government’s policies.

Analytics & opinions

The White House Office of Trade and Manufacturing Policy’s report on China’s economic aggression against the technologies and intellectual property

July, 2018

[White House Office of Trade and Manufacturing Policy](#)

According to the report, made by the White House Office of Trade and Manufacturing Policy, China’s rapid economic growth has been achieved in significant part through aggressive acts, policies, and practices that fall outside of global norms and rules (collectively, “economic aggression”). Now China threatens not only the U.S. economy but also the global economy as a whole. The report focuses on two forms of economic aggression:

1. Acquire of the key technologies and Intellectual Property from other countries, including the United States;
2. Capture of the emerging high-technology industries that will drive future economic growth and many advancements in the defense industry

The authors of the report argue that China is trying to achieve these goals by the following means:

- A. State sponsored IP theft through physical theft, cyber-enabled espionage and theft, evasion of U.S. export control laws, and counterfeiting and piracy;
- B. Coercive and intrusive regulatory gambits to force technology transfer from foreign companies, typically in exchange for limited access to the Chinese market;
- C. Economic coercion through export restraints on critical raw materials and monopsony purchasing power;
- D. Methods of information harvesting that include open source collection and
- E. (E) State-backed, technology-seeking Chinese investment.

Rating of the tech giants

16.07.2018

[World Economic Forum](#)

World Economic Forum published statistics on the world's largest tech companies.

Main findings are the following:

- While the banking, pharma, energy, and retail industries also have geographic spread as well, the same cannot be said for the tech industry – it has become binary;
- Top-20 tech companies are located in the USA (12 companies) and China (8 companies), while Samsung is not included in this list is because it is quite diversified in its manufacturing activities;
- In total, the above list of companies is worth \$5.9 trillion, with a 75%-25% split in terms of USA/China;
- The rating also demonstrates a divide between top-tier companies and those further down the ladder. In fact, there is not a single company with a valuation between \$200 billion and \$450 billion.

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The publication of the Open API Framework – the next step to Smart Banking in Hong Kong

18.07.2018

[HKMA](#)

The publication of the Open API Framework is one of the seven initiatives announced by the HKMA to prepare Hong Kong to move into a new era of Smart Banking.

As a result of consultations with banks, fintech firms, industry associations, consulting firms, payment card scheme operators, individuals and other interested organizations, the HKMA published the document, which contains recommends prevailing international technical standards to ensure fast adoption and security. It also lays out detailed expectations on how banks should onboard and maintain relationship with TSPs in a manner that ensures consumer protection.

The HKMA believes that the Framework will serve as an important guide for the banking in Hong Kong to strike a good balance between innovation and risks. The Framework takes a four-phase approach. The HKMA expects banks to deploy Phase I within 6 months and Phase II within 12 to 15 months. The next plan will be worked out and published within a year.

To provide an example, the HKMA launched Open API on its official website on 23 July 2018. 50 of 180 sets of information covering all financial data and important information, which will be published on HKMA website, can be opened via API now, and cover the information most frequently accessed by the public, such as statistics on Hong Kong dollar exchange rates, interest rates, the banking sector and the Exchange Fund, as well as press releases and Coin Cart (mobile currency exchange station) schedule.

Mr Norman Chan, Chief Executive of the HKMA, said, "The HKMA is leading by example through making available a range of financial data and important information on the HKMA's website in Open API format, in order to facilitate flexible retrieval and application of such information by stakeholders and the general public".

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China is hooked on robots – even on the most useless of them

21.07.2018

[The New York Times](#)

According to The New York Times, "China is ready for the future, even if the future hasn't quite arrived". Too much examples of useless devices can be found there: the robot-fireman which misses the fire is dangerous for people not only because it is not able to fight fire. As it is stated in the report, it also had a tendency to collect so many selfie-seeking fans that it became a safety hazard. Chinese people became hooked on various robot shows.

The author of the article comes to the conclusion, that this process is normal and even took place yet in Japan at the height of its economic powers (where the robot for making sushi was constructed) and Silicon Valley (just remember the \$700 juicer). Moreover, the author believes, that abundance is not so bad: useful products find their place and bad ones disappear when the boom matures.



North Korean hackers – balancing between the myth and the reality

03.08.2018

[PCMI](#)

The article is devoted to

In the article devoted to a detailed analysis of "the evidence of North Korean criminal cyberactivity", the author proves that the prevalent stereotype about North Korean hackers is a strong exaggeration, skillfully inflated due to unreasonable charges and political statements.

Key findings of the article:

1. None of the high-profile cases allegedly involving North Korean hackers can not be fully proven. Is it fair to talk about the North Korean track in specific high-profile cases – but the issue is largely open because of the lack of reliable data, which allows for an unambiguous conclusion.
2. Even if we admit that North Korea is really involved in all the events that it imputes, the "killer attacks" of the North Korean hackers, compared to the work of their Russian, Chinese or Western counterparts, looks bleak, and the inflation of this threat is caused by political considerations.
3. Drawing attention to the issue of North Korean hackers may be associated with preparing the ground for the spread of sanctions against North Korea in the cyberspace, including a ban on the export of North Korean software or "necessity" of Internet infrastructure isolation of Pyongyang.



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