# Weekly China Insight

## Beijing, 24 January 2025

Please note: The *Weekly China Insight* will take a break for the Chinese Lunar New Year holiday and will return to your inbox on Friday, 7 February.

**Trump and Xi communicated**

On 17 January, US President-elect Donald Trump and Chinese President Xi Jinping held a phone conversation addressing key issues including TikTok, trade, and fentanyl, marking their first communication since Trump's election victory in November 2024. Both leaders described the call as positive, with Trump stating it was "a very good one" and Xi expressing hopes for a constructive start to U.S.-China relations.

On 19 January, Chinese Vice President Han Zheng, acting as an envoy for President Xi, met with US Vice President-elect J.D. Vance and American business leaders, including Elon Musk, in Washington. Discussions centered around trade, regional stability, fentanyl production, and cooperation opportunities despite existing tensions, particularly concerning China's trade policies and technology issues. Han emphasized the shared economic interests between the US and China and the potential for extensive collaboration despite some disagreements. In his meeting with Musk, Han reiterated China's commitment to providing a better environment for foreign enterprises and encouraged US companies, including Tesla, to seize opportunities in China's development.

*These high-level engagements suggest a cautious yet potentially collaborative approach between the US and China on pressing issues. However, proposed US tariffs and bilateral tech tensions underscore underlying frictions that could challenge the fragile bilateral relations.*

**China unveils comprehensive plan to strengthen education by 2035**

On 19 January, the Party's Central Committee and the State Council jointly released a comprehensive plan to strengthen China's education system through 2035. The plan outlines a phased approach: by 2027, a high-quality education system will be "initially established," and by 2035, educational modernization will be fully achieved, ensuring global competitiveness. Key priorities include boosting talent cultivation, interdisciplinary research, and higher education tailored to national strategies. Initiatives include developing advanced research universities, expanding international collaboration, and addressing demographic challenges in basic education. Additionally, 800 international summer schools and major youth exchange programs with countries like the US and France will be launched to foster global engagement.

*The plan reflects China's dual strategy of strengthening domestic educational capacity and increasing global influence in education. By aligning academic programs with national priorities like high-tech industries and population shifts, China is bolstering its innovation-driven economy.*

### China emphasizes balanced trade and multilateralism at Davos 2025

On 21 January, Chinese Vice Premier Ding Xuexiang addressed the World Economic Forum in Davos, stressing that China does not seek a trade surplus and is willing to import more high-quality products and services to balance trade. Ding warned against protectionism, stating that "trade wars have no winners," and advocated for multilateralism as the "right path" for global development. Amid slowing economic growth and concerns over potential U.S. tariff hikes, Ding reaffirmed China's commitment to economic globalization, reform, and opening up, inviting foreign companies to invest in China and pledging to resolve business challenges. He also highlighted the role of a stable Chinese economy as an engine for global growth.

*Ding's messaging at Davos reflects China's effort to position itself as a champion of global trade and multilateralism amid rising geopolitical tensions and economic headwinds. By emphasizing balanced trade and greater market openness, Beijing aims to bolster confidence among global investors while countering narratives of protectionism.*

### China pushes for long-term funds to stabilize stock market

On 22 January, six central government agencies unveiled measures to bolster China's stock markets by channeling more pension and insurance funds into equities. Starting this year, 30% of annual insurance premiums from new policies will be allocated to yuan-denominated A-shares, and pension-fund allocations to equities will rise by 10% annually over the next three years. Additionally, the government will encourage listed companies to repurchase shares and raise dividends to enhance shareholder returns. At least RMB 100 billion (USD 13.8 billion) of insurance funds will enter the market in the first half of 2025.

*These moves come amid weak market performance, low investor confidence and insufficient long-term capital, exacerbated by external uncertainties over US tariff hikes under Trump's second term.*

### China unveils 20 measures to expand financial opening-up in free trade zones

On 22 January, a national guideline of 20 measures to enhance financial opening in China's free trade zones (FTZs) and the Hainan Free Trade Port was released. The measures include granting foreign financial institutions equal rights to launch new financial services, expediting regulatory approvals to 120 days, and facilitating cross-border financial data flows. The guideline also supports inbound and outbound capital transfers for foreign investments and cross-border financial services. The measures will be implemented in key regions like Shanghai, Guangdong, Tianjin, and Beijing to align with international standards and enhance the institutional opening of China's financial sector.

*By reducing barriers to foreign institutions and improving transparency, China aims to enhance the competitiveness of its FTZs and draw long-term investments. Effective implementation and addressing regulatory challenges will be critical to ensuring meaningful participation from foreign stakeholders.*