

# Weekly China Insight

Beijing, 4 April 2025

## China and EU seek to ease trade tensions with renewed EV talks and dialogue on market access

On 27 March, Vice Premier He Lifeng met EU Trade Commissioner Maroš Šefčovič in Beijing, pledging to manage economic and trade frictions, resist protectionism, and jointly uphold multilateral trade rules. Both sides signaled a willingness to expand mutual market access and stabilize economic relations amid mounting tariff pressures from the US.

On 3 April, the Chinese commerce ministry confirmed that China and the EU had agreed to resume negotiations regarding the EU's anti-subsidy probe into Chinese electric vehicles (EVs). The talks aim to avoid punitive tariffs and maintain a stable framework for bilateral trade and investment cooperation.

*While these moves reflect Beijing and Brussels' shared interest in avoiding a two-front trade confrontation alongside escalating US tariffs, long-standing structural tensions, including European concerns over Chinese market barriers, government subsidies, and overcapacity, will limit how far this tactical rapprochement can go. China's deepening alignment with Russia further complicates trust-building efforts with Europe, risking strategic divergence despite temporary commercial compromises.*

## US-China trade tensions flare with tariff hikes, blacklisting of Chinese firms, and the contested Panama Canal port deal

Tensions between US and China escalated further this week after Washington announced sweeping new tariff measures and additional sanctions targeting Chinese firms.

- On 3 April, US President Trump unveiled a sharp escalation of tariffs on more than 60 countries, including an additional 34% tariff on Chinese goods, raising total US tariffs on Chinese imports to 54%. Beijing condemned the move as "typical unilateral bullying" but stopped short of immediate retaliation, calling for disputes to be resolved through "equal dialogue."
- On 25 March, China's commerce ministry strongly protested the US decision to add over 30 Chinese companies to its export control "Entity List," accusing Washington of "abusing the concept of national security" and vowing "necessary countermeasures."
- On 29 March, China's market regulator (SAMR) confirmed that its anti-monopoly office had launched an antitrust review into Hong Kong conglomerate CK Hutchison's planned USD 19 billion sale of 43 global port assets, including two critical ports along the Panama Canal, to a BlackRock-led consortium. Beijing's antitrust scrutiny comes amid concerns over "national security and public interest," with state media framing the sale as a "historic mistake" that could hand US control over vital global shipping routes.

*Beijing's layered response, combining restrained rhetoric on US tariffs, formal protest against tech sanctions, and regulatory action to block US-linked infrastructure acquisition, reflects a calibrated but hardening strategy that blends symbolic restraint with targeted economic retaliation.*

### **Wang Yi reaffirms China-Russia “no limits” partnership, stresses neutrality on Ukraine in Moscow**

On 1 April, Chinese foreign minister Wang Yi concluded an official visit to Russia, where he held talks with Russian president Vladimir Putin and foreign minister Sergey Lavrov. During an interview with *Russia Today*, Wang reiterated that China and Russia are "friends forever, never enemies," highlighting what he called an “unbreakable” strategic partnership. Wang emphasized that the China-Russia relationship is based on non-alliance, non-confrontation, and non-targeting of third parties. Wang also welcomed recent signs of rapprochement between Moscow and Washington, and reiterated China’s offer to play a “constructive role” in Ukraine peace efforts, while carefully avoiding any criticism of Russia.

*Beijing's overt alignment with Moscow, framed as neutrality but paired with deepened strategic and economic ties, complicates China's efforts to stabilize relations with Europe.*

### **Xi Jinping courts global CEOs to bolster foreign investor confidence in China**

On 28 March, President Xi Jinping met with over 40 foreign CEOs and business leaders in Beijing, including top executives from FedEx, Saudi Aramco, Mercedes-Benz, Pfizer, Toyota, Blackstone, and Samsung. The meeting followed the annual China Development Forum, where global business executives met with top policymakers to discuss China’s economy. In his meeting, Xi emphasized China’s commitment to continued market opening, equal and fair treatment for foreign companies, and China’s role as a "stable anchor" in the global economy. He urged multinational companies to resist decoupling efforts and uphold existing global supply chains. Xi also highlighted ongoing policy plans to keep removing or lowering market access thresholds and protect MNCs’ interests in China.

*While the meeting signaled a renewed charm offensive by Beijing to foreign investors, particularly in light of slowing foreign direct investment and growing geopolitical headwinds, concerns from multinational companies persist over market access barriers, regulatory opacity, and escalating geopolitical tensions.*

### **Xi Jinping sets 2035 target for China to become a global science and technology powerhouse**

On 1 April, the Chinese Communist Party’s flagship theoretical journal *Qiushi* published an article by President Xi Jinping, outlining China’s strategic roadmap to become a global leader in science and technology by 2035. The article is based on Xi’s speech made at the 2024 National Science and Technology Conference, where he stressed that "Chinese modernization requires scientific and technological modernization" and warned that high-tech industries are now the "main battlefield of international competition." In his article, Xi

emphasized five pillars of China's strategy: strengthening original innovation capacity, overcoming key technology bottlenecks, enhancing global scientific leadership, attracting top talents, and improving tech governance systems. He called for deeper reform, tighter Party leadership over science policy, stronger private sector-driven innovation, and more secure international cooperation.

*Xi's article in Qiushi underscores how central technological innovation has become in China's long-term development strategy and in its rivalry with the US.*