Weekly China Insight

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China and the EU near deal to lift sanctions on lawmakers

On 24 April, a European Parliament spokesperson confirmed that talks with Beijing to lift sanctions on five MEPs and the parliament's subcommittee on human rights were in their "final stages." The sanctions, imposed by China in 2021 in retaliation for EU measures targeting Chinese officials over alleged human rights abuses in China's Xinjiang province, had severely strained EU-China relations and derailed the implementation of the Comprehensive Agreement on Investment (CAI). European Parliament President Roberta Metsola has reportedly led a quiet diplomatic push in recent weeks, including multiple meetings with the Chinese ambassador, to broker a resolution.

Beijing's potential lifting of sanctions comes amid broader efforts by both sides to recalibrate ties, especially as the EU grapples with the implications of US tariff threats under Trump. The removal of the sanctions signals China's desire to reset ties with the EU at a time when U.S. trade tariffs on Chinese goods are intensifying.

China rolls out new guidelines to upgrade pilot free trade zones

On 21 April, the Chinese Communist Party Central Committee and the State Council jointly released a comprehensive guideline to implement a strategic upgrade of China's pilot Free Trade Zones (FTZs). The guideline outlines systemic reforms aimed at enhancing institutional openness, streamlining cross-border trade and investment, and positioning FTZs as hubs for innovation and high-quality development. The guideline sets a five-year timeline for achieving major upgrades in FTZs' global competitiveness, regulatory governance, and economic openness. Key measures include liberalizing digital trade, easing investment access, facilitating cross-border data flows, and supporting full-chain industrial innovation. Reforms will also permit more flexible customs procedures, such as a whitelist system for imported pharmaceuticals and food-related substances.

By upgrading FTZs, China demonstrates continued commitment to high-standard economic opening amid intensifying global trade tensions. FTZs always enjoy a special place in China's domestic economic ecosystem. Notably, goods imported into China's FTZs are exempt from the retaliatory tariffs Beijing imposed on the US.

Xi reaffirms China's climate commitment in global leaders' summit

On 23 April, Chinese president Xi Jinping addressed the Leaders Meeting on Climate and the Just Transition via video, pledging to introduce a new nationally determined contribution (NDC) covering all economic sectors and greenhouse gases before COP30 in Brazil. Xi's speech underscored China's continued climate leadership amid global uncertainty, citing the country's record in building the world's largest renewable energy pipeline and contributing

25% of global afforestation gains. He called for strengthening multilateralism, deepening South-South cooperation, accelerating a people-centered green transition, and delivering results-driven climate action. Without naming the US, Xi warned that unilateralism and protectionism were undermining international rules and obstructing progress on climate governance.

Xi's speech positions China as a stable global climate actor in contrast to changing US climate policy under Trump, aiming to appeal to the EU and developing countries.

China introduces action plan to boost Shanghai's global financial hub status through cross-border finance liberalization

On 22 April, China's central bank (PBoC), the financial regulator (NFRA), the foreign exchange regulator (SAFE), and the Shanghai municipal government jointly released an ambitious 18-point action plan aimed at further making Shanghai as a global financial center. The plan focuses on deepening cross-border financial services by enhancing currency settlement efficiency, expanding RMB usage, improving hedging tools for foreign exchange risks, and developing diversified financing channels for outbound companies. The action plan also supports the further buildout of digital financial infrastructure, including blockchain-based verification and expanded trials of central bank digital currencies. The plan strengthens the role of Shanghai's Free Trade Zone to facilitate new policies in syndicated loans, supply chain finance, and international reinsurance.

While the action plan is designed to appeal to multinational companies and facilitate outbound investment, its effectiveness could be constrained by broader concerns over regulatory opacity, geopolitical risk, and ongoing tensions with Western financial systems.

China further eases market access entry for private and foreign firms in new negative list

On 24 April, China's macro planner (NDRC), the commerce ministry (MofCom), and the market regulator (SAMR) unveiled the 2025 edition of the nation's market access negative list, reducing the number of restricted business activities from 117 to 106. In principle, industries outside of the market access negative list should give equal market access to state-owned, private, and foreign firms. Eight national-level restrictions were removed, including licensing requirements for seal engraving and sales of cybersecurity product. 17 local-level constraints in logistics, vehicle rentals, and freight services were also eliminated to align with national market access rules. However, emerging new sectors such as unmanned aerial vehicle operations and e-cigarette production have been added to the new market access negative list, reflecting efforts to regulate emerging and critical industries.

This is the fourth revision (and reduction) of the market access negative list since 2018, shrinking the list by approximately 30%. This market access negative list applies to domestic and foreign firms alike, not to be confused with the foreign investment negative lists, which impose additional investment restrictions for foreign-invested firms. By streamlining market entry requirements, China aims to stimulate private sector activities to support the domestic economy.