

Weekly China Insight

Beijing, 24 April 2026

Xi Jinping signals urgency on the Strait of Hormuz as economic risks mount

On 20 April, Xi Jinping urged an “immediate and comprehensive ceasefire” and called for the reopening of the Strait of Hormuz during a phone call with Saudi Crown Prince Mohammed bin Salman. Xi emphasized that maintaining normal passage through the waterway serves “the common interests of regional countries and the international community.” The Saudi Crown Prince echoed concerns over energy supply disruptions and pledged coordination with China to secure navigation and push for de-escalation. Xi’s personal call to restore order in the Strait of Hormuz follows similar remarks by Chinese foreign minister Wang Yi in his recent talks with Iranian officials. The ongoing conflict and disruption in the Strait of Hormuz have increased global energy prices, squeezed Chinese corporate margins, and weakened external demand for Chinese products amid a deteriorating global economic outlook.

Xi’s direct intervention marks a notable escalation in tone from China’s top leadership. Xi’s personal call for resumption of safe passage signals that safeguarding energy flows and economic stability now outweighs China’s geopolitical alignment with Iran. This means Beijing will prioritize rapid conflict resolution over continued strategic posturing.

Beijing links tougher energy-saving measures with formal carbon accountability for officials

On 22 and 23 April, the general offices of the Central Committee of the Chinese Communist Party and the State Council jointly released two closely related policy documents that tighten both the substance of energy conservation and carbon reduction work and the political accountability for meeting the target. The first policy calls for higher-level and higher-quality energy-saving and carbon-reduction efforts across industries, digital infrastructure, and public institutions, while stressing coordination with industrial upgrading, energy security and green transformation. The policy sets out measures including stricter control of fossil-fuel use, efforts to peak coal and oil consumption, faster development of non-fossil energy and new energy storage, tighter scrutiny of high-energy, high-emissions projects, and possible creation of a national low-carbon transition fund.

The second document outlines a new comprehensive evaluation and assessment mechanism for achieving carbon peaking and carbon neutrality. The assessment mechanism converts these green priorities into an annual performance evaluation system for all provinces starting in 2026. The assessment mechanism uses control indicators such as total carbon emissions, carbon-intensity reduction, coal consumption, oil consumption, and the share of non-fossil energy to evaluate the performance of local officials.

Taken together, the two documents show Beijing is moving from broad green-transition signaling toward a more enforceable governance model in which energy-saving and carbon reduction goals are embedded in industrial planning, monitored through measurable indicators, and tied directly to local officials' political incentives.

State Council sets 2030 target for RMB 100 trillion services sector

On 21 April, China's State Council released a policy opinion on expanding capacity and upgrading quality in the services sector, setting a goal for the industry to surpass RMB 100 trillion by 2030. The policy frames the service sector as a key pillar of industrial upgrading, as well as employment and household welfare. The policy lays out a broad agenda spanning producer services such as R&D, logistics, software, supply-chain finance and green services, alongside consumer services including retail, healthcare, eldercare, childcare, tourism and sports. It also calls for deeper digital transformation through AI+ applications, industrial internet platforms, 5G expansion, 6G research, and improved data infrastructure.

The policy also pledges stronger fiscal and financial support for the service sector, including loan interest subsidies, relending tools, and support for eligible services-sector Real Estate Investment Trusts (REITs). To begin with, the policy promises to expand pilot programs in value-added telecommunications, biotechnology, and wholly foreign-owned hospitals. The policy follows strong first-quarter services performance, with the sector accounting for 61.7% of GDP and contributing 63.2% of economic growth during the first quarter.

The policy underscores Beijing's effort to make the service sector a more powerful driver of domestic demand and high-quality development. Going forward, China will more decisively shift toward the service sector as the next engine for economic growth. However, the success of this plan depends on whether deeper reform, stronger consumer demand, and meaningful opening-up can translate broad policy ambition into productivity gains and higher-quality jobs.

2026 Canton Fair draws global buyers with high-tech pivot

On 23 April, the second phase of the 139th China Import and Export Fair (Canton Fair) opened in Guangzhou, drawing strong overseas attendance, with foreign buyers crowding robotics, drone and new energy halls despite softening global demand. The three-week event spans a record 1.55 million-square-meter space and features 4.65 million exhibits, with 23% of them classified as new products, including emergency drones, humanoid training robots and AI-powered devices. Potential foreign buyers at the Canton Fair actively tested and purchased products on-site, with some highlighting China's rapid pace of innovation and practical applications in areas such as disaster response and industrial automation.

The Canton Fair's strong turnout underscores China's resilience in trade, especially as

Beijing leverages technological upgrading and product innovation to offset weakening global demand.

