

Weekly China Insight

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Wang Yi's Nordic tour reinforces China's partnership message to Europe

On 7 July, Chinese foreign minister Wang Yi completed visits to Denmark, Sweden, Finland, and Norway, holding talks with the four countries' foreign ministers and meeting Denmark's King Frederik X, Swedish Prime Minister Ulf Kristersson, Finnish President Alexander Stubb and Norwegian Prime Minister Jonas Gahr Støre. Wang used his visit to emphasize that all four Nordic countries were among the earliest European states to recognize and establish diplomatic relations with the People's Republic of China, with each reaffirming support for the one-China policy during Wang's visit.

In Denmark, the two sides agreed to further enrich the China-Denmark comprehensive strategic partnership and explore a new or upgraded version of the China-Denmark Green Joint Work Program, focusing on scientific research and innovation, green shipping, and healthcare.

In Sweden, both sides agreed to build a healthy, stable, and sustainable bilateral relationship and establish a vice-ministerial political consultation mechanism, while advancing regular dialogue through the China-Sweden green transition investment working group, the joint committee on science and technology cooperation, and the science and technology innovation policy dialogue.

In Finland, both sides agreed to fully implement the Joint Work Plan for Promoting the China-Finland Future-oriented New-type Cooperative Partnership for 2025-2029, deepening practical cooperation in low-carbon development and scientific and technological innovation through mechanisms including the China-Finland Joint Committee on Cooperation and the China-Finland Committee for Innovative Business Cooperation.

In Norway, the two sides noted progress in implementing the joint statement on establishing a green transition dialogue, and said their next step would focus on action-oriented practical outcomes.

Economic cooperation was framed as the "ballast" of China's relations with the four Nordic countries. Both sides supported free trade and economic globalization, opposed unilateral actions and "decoupling and supply-chain disruption," and backed continued China-EU efforts to find appropriate solutions to trade differences through the new trade and investment consultation mechanism. The visit also highlighted people-to-people exchanges, including China's unilateral visa-free policy for citizens of the four countries, existing direct flights with all four Nordic states, the restoration of China-Norway direct flights last year, and the recent resumption of the Stockholm-Shanghai route.

Wang's Nordic tour aimed to consolidate bilateral trust with four early European partners of the People's Republic of China, while using green cooperation, market access, and multilateral coordination to reinforce Beijing's broader message that China and Europe should remain partners rather than rivals.

China to phase out vehicle and vessel tax breaks for selected NEVs

On 3 July, China's finance ministry (MoF), tax regulator (STA), and the industrial regulator (MIIT) announced that starting next year, China will cancel the vehicle and vessel tax incentives for selected energy-saving and new-energy vehicles. The change will end the 50% tax reduction for energy-saving vehicles and remove the tax exemption for pure electric vehicles, plug-in hybrid vehicles, including range-extended models, and fuel-cell commercial vehicles. Vehicles already purchased before the new rules will also be subject to the tax from 2027.

Starting from 2027, buyers of the affected vehicles will pay tax according to the applicable rates set by provincial governments under the statutory tax table, with payment made annually either through insurers when purchasing compulsory traffic accident liability insurance or by taxpayers through online or offline tax channels.

The preferential tax policy change signals that Beijing is gradually shifting parts of the NEV sector away from broad tax preferences as the NEV market matures, without changing the tax-exempt status for pure electric passenger cars.

China targets RMB 8 trillion circular economy by 2030

On 3 July, China's macro manager (NDRC) released the 15th Five-Year Plan (FYP) for the development of the circular economy, setting a target for the resource recycling industry to reach RMB 8 trillion in output value by 2030, up 60% from RMB 5 trillion in 2025. The plan also aims to raise domestic resource productivity by around 16% from 2025 levels, increase annual comprehensive use of bulk solid waste to about 4.5 billion tons, and lift annual recycling of major renewable resources to 510 million tons.

The circular economy FYP focuses on improving weak links across production, consumption, collection and reuse, especially in the recycling of retired power batteries, wind power equipment, and photovoltaic equipment. It calls for stronger scrappage management, clearer disposal responsibilities, better recycling networks, and more standardized reuse.

Several sectoral FYPs have been released recently following the overarching 15th Five-Year Plan in March. These sectoral plans translate broad national development priorities into industry-specific targets, implementation pathways, and regulatory guidance, giving ministries, local governments and companies clearer direction on where policy support, investment, and supervision will be concentrated during the 2026-2030 period.

The FYP positions circular economy development as both a green transition tool and a resource security priority. Its success will depend on whether Beijing can resolve persistent bottlenecks in recycling networks, imported raw material access, and the lack of a mature commercial model for recycled materials.

