

Weekly China Insight

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China and EU set autumn trade talks under new consultation mechanism

On 2 July, Chinese commerce ministry (MofCom) official said China and the EU will hold the second meeting of their newly established trade and investment consultation mechanism this fall, with Beijing inviting EU trade commissioner Maroš Šefčovič to visit China. The mechanism, launched after the first meeting co-chaired by Commerce Minister Wang Wentao and Šefčovič in Brussels on 29 June, is designed to hold one or two ministerial-level meetings between China and the EU each year. According to MofCom spokesperson, both sides agreed to pursue “balanced expansion, rather than balanced contraction” of trade by deepening cooperation in AI and green transition, exploring services trade, and addressing market access concerns. The talks come as the EU faces internal political pressure over a trade deficit with China of about EUR 360 billion last year, while Šefčovič has set an October deadline for meaningful progress on trade rebalancing with China.

The new dialogue mechanism – and the setting of its second date – signal a mutual effort between EU and China to manage trade frictions through structured talks. However, actual progress will depend on whether both sides can translate the rhetoric into tangible outcomes before the October deadline, when tensions over industrial policy, export controls, and supply chains will inevitably escalate further.

Beijing frames Europe as partner after renewed trade talks and before foreign minister trip

On 30 June, spokesperson of the Chinese foreign ministry (MoFA) said China and the EU are “partners, not rivals,” after EU trade commissioner Maroš Šefčovič held talks with Chinese Commerce Minister Wang Wentao on 29 June in an effort to resolve trade frictions through dialogue. The MoFA spokesperson said China-EU economic and trade cooperation is “mutually beneficial and win-win in nature,” adding that the root cause of the EU’s problems does not lie with China and that the key to resolving trade issues is deeper cooperation and shared development. The spokesperson said China is willing to strengthen communication and consultation with the EU, manage differences constructively on the basis of equality, respect, and mutual benefit, and jointly safeguard global industrial and supply chain stability.

The comments align with Beijing’s broader Europe outreach, including Chinese foreign minister Wang Yi’s planned visits to Denmark, Sweden, Finland and Norway from 2 to 8 July, and his recent message to Austria that China’s development presents opportunities for Europe rather than challenges.

Beijing is seeking to stabilize China-EU ties by emphasizing dialogue and economic complementarity. The key strategy in that messaging is resisting EU efforts to frame EU-China trade imbalances as structural problems caused by China's industrial overcapacity.

Chinese foreign minister Wang Yi to visit Sweden during Nordic tour

On 30 June, the Chinese foreign ministry (MoFA) announced that Chinese foreign minister Wang Yi will visit Denmark, Sweden, Finland and Norway from 2 to 8 July at the invitations of his counterparts in the four Nordic countries. Wang, who is a member of the Politburo of the CCP's Central Committee, is a vice-state level official that is concurrently serving as the director of the Office of the Central Commission for Foreign Affairs (a Party organ), which makes him the highest-ranking diplomat in China.

Wang's visit follows a series of four Swedish ministerial visits to China since November 2024, with no Chinese counterpart visit to Sweden during the same period—aside from Vice Premier He Lifeng's stop in Stockholm last July, which occurred in the context of U.S.-China trade negotiations rather than as a bilateral initiative. In this light, Wang's trip serves as an important step toward redressing the imbalance in high-level exchanges. It presents an opportunity for Beijing and Stockholm to rebuild reciprocity in official engagement and could open the door to more structured and sustained dialogue on bilateral and broader regional issues.

China allocates third batch of government funding to sustain consumer trade-in program

On 26 June, China's macro manager (NDRC) said it had worked with the finance ministry (MoF) to allocate a third batch of RMB 62.5 billion in ultra-long special treasury bond funds to local governments to support consumer goods trade-in programs. As of 20 June, sales under the trade-in scheme had exceeded RMB 1 trillion, subsidizing 136 million consumer purchases. Authorities said they will guide local governments to pace spending evenly, improve subsidy review and reimbursement mechanisms, and increase the efficiency for allocating central government funds.

The continued funding rollout shows Beijing's insistence on using targeted fiscal tools to support domestic demand. By sustaining the consumer trade-in program, policymakers are demonstrating that they are still primarily focusing on a supply-side tool to stimulate purchases of selected goods, rather than demand-side measures that directly address the income constraints and confidence gap felt by the average consumers.