Weekly China Insight

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Chinese companies in Europe urged to shift focus from market access to compliance and localization

On 8 September, EU Chamber of Commerce in China President Liu Jiandong said at the China International Fair for Investment and Trade in Xiamen that Europe remains a major destination for Chinese investment, but the challenges facing Chinese companies have shifted from gaining market access toward achieving stable, sustainable, and compliant operations amid tighter regulation and greater geopolitical complexity. According to the chamber's latest survey, 81% of respondents said uncertainty in the EU business environment had increased, an indicator that has deteriorated for six consecutive years. Meanwhile, 40% of Chinese companies reported experiencing some degree of differential treatment because of their identity. Nevertheless, Chinese-EU trade rose 8.1% y/y to RMB 4.19 trillion in the first eight months of 2026, and nearly 3,000 Chinese-invested companies operating across all 27 EU member states employed more than 260,000 local workers by the end of 2024. Liu argued that Chinese investment, particularly in new-energy and advanced industries, is increasingly confronting European concerns over losing control of core technologies and strategic supply chains as comparative advantages shift. This reality makes tangible local economic benefits, long-term dialogue, and two-way technology and market cooperation essential to rebuilding trust. He urged Chinese companies to adopt an "in Europe, for Europe" approach by strengthening compliance and risk management, understanding local labor and regulatory rules, integrating more deeply into local communities, defending their rights through legal channels, and making greater use of collective representation and support services as their overseas presence shifts from trade toward capital-intensive global operations.

Future expansion will depend less on whether Chinese firms can compete in European markets than on whether they can demonstrate local value creation, institutional compliance, and strategic compatibility with European concerns over technology and supply-chain security.

Shanghai appoints 54-year-old Zhu Zhongming as acting mayor

On 4 September, Shanghai's legislature appointed 54-year-old Zhu Zhongming as vice-mayor and acting mayor after accepting the resignation of 66-year-old Gong Zheng, who had led the municipal government since 2020.

Zhu, a former vice-minister of finance, spent much of his early career in Zhejiang's fiscal and audit system before serving as a vice-governor of Hunan and moving to the finance ministry, where his portfolio included taxation, budgeting, tariffs, accounting, and government-debt research. He returned to local government in July 2024 as Shanghai's deputy Party Secretary and later also headed the municipal political-legal committee. His promotion makes him China's second-youngest provincial-level government chief, after Shanxi Governor Lu Dongliang, and one of five provincial-level government leaders born in the 1970s.

The appointment is notable because Shanghai's mayors have typically been Central Committee members or alternate members, while Zhu currently holds neither status. Zhu's earlier appointment as Shanghai deputy Party Secretary from the central government had broken with a longstanding pattern of promoting that position from within the Shanghai municipality. In his first remarks as acting mayor, Zhu called for a strong start to the 2026-2030 15th Five-Year Plan and for Shanghai to strengthen its "leading and exemplary" role in China's modernization drive.

The combination of Zhu's fiscal expertise, unusually rapid promotion, and lack of current Central Committee status makes his elevation significant beyond Shanghai, positioning the municipality as both a test of economic-policy execution and a potential springboard ahead of the 2027 Party Congress. As acting mayor, Zhu will soon assume the role of Shanghai mayor. The Shanghai mayor position is also a springboard for higher positions within the central government down the road.

China sets five-year roadmap to build a stronger financial system

On 10 September, China formally released the *15th Five-Year Plan for Building a Financial Powerhouse*, setting out a national financial policy framework through 2030 with priorities spanning macroeconomic management, tighter regulation, risk prevention, support for the real economy, capital-market reform, and higher-level financial opening. The plan targets the basic formation of a "modern financial system with Chinese characteristics" by 2030 and a highly adaptive, competitive, and inclusive financial system by 2035.

A key policy shift in the five-year plan will be a gradual move away from quantitative monetary-policy intermediate targets toward greater reliance on interest-rate transmission, supported by more flexible open-market operations, structural monetary tools, and a "dual-pillar" framework combining monetary policy with macro-prudential regulation. Regulators will simultaneously intensify oversight of local small and medium-sized financial institutions, discourage scale-driven competition and practices such as price wars and excessive returns, while directing more finance toward technology, green development, inclusive finance, pensions, digitalization, consumption, and major national projects. Capital-market reforms will seek to make A-shares the preferred domestic listing venue for high-quality companies, broaden long-term institutional investment, strengthen enforcement against fraud and market manipulation, and support emerging industries, while foreign-exchange reforms will combine greater convenience and openness with tighter monitoring of cross-border capital-flow risks.

The plan marks a further shift in China's financial policy from balance-sheet expansion toward a model centered on risk control, pricing efficiency, and targeted capital allocation. The main test will be whether tighter supervision can coexist with freer markets, stronger investor confidence, and more effective financing for innovation and consumption.

China links digital expansion with green transition in new 2026-2030 plan

On 4 September, seven central government agencies jointly issued a 2026-2030 implementation plan to coordinate China's digital and green transitions, setting 14 priority tasks across technology innovation, energy efficiency, sectoral applications, and supporting infrastructure. By 2030, the plan aims to make artificial intelligence cheaper and more energy-efficient, substantially improve the efficiency of computing facilities and 5G base stations, and raise renewable-power consumption in key computing facilities to at least the renewable-energy consumption responsibility level of their respective provinces.

Measures include developing low-power chips, liquid cooling, waste-heat recovery, AI model compression, and more efficient training methods; steering computing capacity toward regions rich in wind, solar and hydropower; and encouraging digital companies to build zero-carbon operations, supply chains, and product-traceability systems. The plan also extends digital-green integration into manufacturing, agriculture, trade, consumption, and urban management, including digital energy and carbon-management centers for factories, product carbon-footprint tracking for exporters, smart traffic and energy networks in cities, and AI-supported environmental monitoring and enforcement. Authorities will also strengthen carbon-market digital infrastructure, develop national carbon-footprint databases, and explore an AI model for the national carbon market, while promoting related international standards and cooperation through platforms including the WTO, G20, BRICS, APEC, and the Belt and Road Initiative.

The plan treats digitalization not only as a source of rising energy demand but as a tool for decarburization, creating policy support for efficient computing, green data infrastructure, and carbon-management technologies, while increasing pressure on digital and industrial companies to measure, disclose, and reduce the carbon footprint of their operations.