

Pioneering path

Innovative financial services in Shanghai signal opening-up BUSINESS, PAGE 14



White paper shows nation's firm stance TOP NEWS, PAGE 3



Raising the bar

Yak milk soap carves niche market, empowers women LIFE, PAGE 16

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Country seeks shared future with neighbors

Meeting comes as geopolitical competition has greater bearing on regional situation

By CAO DESHENG caodesheng@chinadaily.com.cn

As the tariff war launched by the United States is surging across the world and having an impact on the fragile global economy, China's commitment to promoting the building of a community with a shared future for mankind has become more relevant in saving the world from a chaotic lose-lose scenario.

At the central conference on work related to neighboring countries, which was held in Beijing on Tuesday and Wednesday, President Xi Jinping reiterated the importance of building a community with a shared future with neighboring countries.

A statement released after the meeting highlighted the neighboring countries as an important foundation for China to achieve development and prosperity, a key front to maintain national security and a priority area in the country's overall diplomacy.

The meeting, which was attended by all the members of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, China's top leadership, came as geopolitical competition between major countries has a greater bearing on the regional situation.

It was noted at the meeting that China's relations with its neighbors are in their best period in modern times. Meanwhile, they are entering a stage of deep interconnection between the regional situation and the evolution of the global landscape.

Efforts should be made to coordinate both the domestic and international situations, synergize development and security, and hold high the banner of building a community with a shared future for mankind to work with neighboring countries to create a better future together, according to the statement.

It was highlighted at the meeting that in building a community with a shared future with neighboring countries, it is important to consolidate strategic mutual trust, support regional countries in pursuing their own development paths, and properly manage conflicts and differences.

It is essential to strengthen alignment of development strategies, promote high-level mutual connectivity, and intensify industrial and supply chain cooperation, the statement said.

The meeting's participants underlined the need to uphold regional stability and jointly address various risks and challenges by engaging in security and law enforcement cooperation. They also called for expanding people-to-people exchanges and facilitating mutual visits.

China is committed to developing friendship and partnership with its neighbors and fostering an amicable, secure and prosperous neighborhood in line with the principle of amity, sincerity, mutual benefit and inclusiveness, a philosophy put forward by Xi in 2013 in promoting the country's neighborhood diplomacy.

At the Central Conference on Work Relating to Foreign Affairs, which was held in November 2014, Xi reiterated the need to build a neighborhood community with a shared future based on amity, sincerity, mutual benefit and inclusiveness. To this end, China will foster friendship and partnership with neighboring countries, build an amicable, peaceful and prosperous neighborhood, and enhance mutually beneficial cooperation and interconnectivity, he said.

See Partnership, page 3

Inside

Editorial, page 12

Trade dialogue with EU creates new opportunities

The recent visits of European officials to Beijing, in particular by EU Trade Commissioner Maros Sefcovic last month, present fresh opportunities for strengthening relations between China and the European Union.

At a time when the global economic situation is becoming more complex and protectionism is on the rise, particularly the unjustified, provocative and controversial tariff policy of the United States, China has consistently proved itself a responsible global trader through dialogue and practical solutions.

The discussions between senior Chinese and European officials

WORLD WATCH By Imran Khalid

show that China is willing to engage with trade issues to foster collective prosperity and development. Both sides acknowledged the importance of equitable trade practices as fundamental to the prosperity of their economies.

See Ties, page 3

Inside

Global Views, page 13

INSIDE Sustaining partnership and political trust Global Views, page 13

Newsstand prices: US \$1 Canada C\$1 UK 1.5 EU 1.6 Kenya 50 Kenya Shilling Asia Pacific: Thailand 120 thb; Philippines 120 php; Myanmar 2000 kyat; Japan 210 yen; Dubai 10 dirhams; Pakistan 300 rupee

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Nightclub tragedy



Rescue workers search for survivors on Tuesday at a nightclub in Santo Domingo, Dominican Republic, after the venue's roof collapsed during a concert by merengue singer Rubby Perez, who is among the more than 120 killed in the accident. Also among the dead is former Major League Baseball pitcher Octavio Dotel, who won a World Series in 2011 with the St Louis Cardinals. EDDY VITINI / AP See story, page 10

China hits back at tariffs to defend rules-based trade

By WANG KEJU, ZHONG NAN and ZHOU LANXU

China will raise additional tariffs on all goods imported from the United States to 84 percent, starting at 12:01 am on Thursday, and has added 18 US entities to its export control and unreliable entity lists in order to counter the US' unilateral tariff hikes.

Analysts said the countermeasures send a clear message that China, the world's second-largest economy, is prepared to stand firm in defense of its legitimate interests and the rules-based multilateral trading system.

On Wednesday afternoon, US President Donald Trump paused tariffs on all goods for 90 days at a rate of 10 percent, but he raised those on China to 145 percent, citing China's retaliatory tariffs.

Trump's move followed volatility in the stock market and a sharp jump in the interest rate on the 10-year US Treasury note, a widely used benchmark for mortgages and a barometer for inflation and Federal Reserve policy.

On Wednesday evening, the Ministry of Culture and Tourism and the Ministry of Education issued separate risk alerts to tourists and students planning to go to the US.

Beijing's latest moves follow Washington's decision to increase its so-called "reciprocal tariffs" on Chinese goods to 84 percent, bringing the total tariffs imposed by the current Trump administration to 104 percent.

The Customs Tariff Commission of the State Council, China's Cabinet, said in a statement on Wednesday that the US' decision to increase tariffs on Chinese goods is "a mistake upon a mistake".

The US' tariff hikes, which severely infringe on China's legitimate rights and interests, damage the rules-based multilateral trading system and destabilize the global economic order, are "a clear example of unilateralism, protectionism and economic coercion", the commission said.

Also on Wednesday, the Ministry of Commerce announced that it has included 12 more US entities, including American Photonics and BRINC Drones, on China's export control list, thereby effectively banning the export of dual-use items — goods that can be used for both civilian and military purposes — from China to these entities.

The ministry said it has also added six more US companies, including Shield AI and Cyberlux Corp, to China's unreliable entity list. It means these companies are banned from trading or investing in the country. Furthermore, China has filed a complaint with the World Trade Organization over

the latest US tariff hikes, the ministry added.

Guo Kai, executive president of CF40 Institute, a research center affiliated with the think tank China Finance 40 Forum, said Beijing's strong countermeasures have proved that Washington's expectations of China succumbing to US pressure were miscalculated.

It may take some time, but Beijing's firm stand to "fight until the end" will make Washington realize that it underestimated China's endurance to tariffs, Guo said, underscoring that the realization would eventually bring the US back to the negotiation table.

"And when that time comes, it (the negotiation) will be on China's terms, not on the US' terms," Guo added.

Lin Meng, director of the modern supply chain research institute at the Chinese Academy of International Trade and Economic Cooperation in Beijing, noted that China's countermeasures reflect its firm opposition to US hegemony and underscore its commitment to upholding a fair, rules-based global trading system.

"This offers other countries a reference for defending their interests through multilateralism and reinforces the importance of a rules-based global trading system amid rising unilateral pressures," Lin said.

Li Haidong, a professor at China Foreign Affairs University's Institute

of International Relations, said the White House is playing the tariff card to advance its domestic political agenda and secure gains in the upcoming midterm elections.

"Given that China is a staunch proponent of globalization, the Trump administration is escalating the 'tariff war' in an attempt to overturn the multilateral trading system of the past decades and recast it in a way that preserves the US' dominance and allows it to continue draining the rest of world," Li said.

However, global consulting firm PwC told China Daily that the US' "reciprocal tariff" policy may only encourage other countries to strengthen regional economic cooperation by establishing regional free trade zones and enhancing trade agreements, thereby reducing trade costs and improving supply chain stability.

Su Jian, a professor of economics at Peking University, said that for the next step, it is essential for Chinese companies to minimize related risk exposure by adjusting trade partner selection, managing order cycles, reassessing key supply chain interdependency, strengthening communication with US market partners, and preparing for future supply security and pricing mechanisms.

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MANY PEOPLE IN US PUZZLED BY SELF-INFLICTED WOUNDS TO ECONOMY

Fall in investments, specter of job losses, manufacturing uncertainty loom

By MAY ZHOU in Houston, Texas mayzhou@chinadailyusa.com

Wayne, an IT worker from Houston, Texas, said he does not need economic experts or the media to tell him how the tariffs will impact him and his family.

"As a family, we lost a large chunk of our total investments including the 401(k) retirement fund in the two days following so-called 'Liberation Day'. Yes, part of my wealth got liberated and is now free of me," said Wayne, who wants to be identified only by his first name.

He didn't want to go into the specifics, but said by the end of Tuesday his loss was almost \$500,000.

After US President Donald Trump's April 2 announcement,



A trader reacts in despair while watching the index at the Chicago Board Options Exchange in Chicago, the US state of Illinois, on Tuesday. NAM Y. HUH / AP

the US stock market plunged on both Thursday and Friday with the S&P 500 Index down 10.53 percent

in the last two sessions and Nasdaq Composite Index diving into the bear market, Xinhua News

in-depth

Agency reported. US markets remained volatile this week, after the White House confirmed plans to move forward with a dramatic increase in tariffs on Chinese goods.

"We were expecting a relatively comfortable retirement in a few years. I am not sure about that given the current situation," Wayne said. "It's not just about what we have lost in the stock market, but more about a future world of an unstable nature."

See Tariffs, page 2

PAGE TWO



Tariffs: Turmoil threatens future of firms

A drone view shows trucks as they transport cargo at the Bayport Container Terminal in Seabrook, Texas, on April 7. ADREES LATIF / REUTERS



New Mazda cars are transported from an automobile processing terminal at the Port of Los Angeles on April 3 in Wilmington, California. GETTY IMAGES



People shop at an Apple store in Grand Central Station on Friday in New York. GETTY IMAGES VIA AFP

From page 1

Having weathered the 2000 internet bubble and the 2008 global financial crisis, Wayne said this time he's more worried, as the tariffs seem to be interrupting the global economic order, and the future seems unpredictable.

"The economic cycles of ups and downs may not apply anymore because this market sink is made by politics, not economic conditions. Can we still realistically expect an economy that will remain on an upward trajectory when we look beyond the current market? I am not feeling confident given other social and political changes occurring both domestically and internationally," he said.

One person who said he voted for Trump posted on social media: "Our 401(k)s are dropping like falling leaves, and we cannot live like this. I am very disappointed with him. If he keeps (up) this behavior, we will be ruined. The only people this won't hurt are the very rich. Trump says it's going well, but I don't see it."

Besides shrinking investments, people in Houston will soon pay more for a cup of coffee.

Cathy Tsai, a roaster of imported coffee beans, said her supplier told her the day after the tariff announcement that coffee bean prices had increased "by a lot".

They had already reached a record high in February, double the price of a year ago, according to industry data. Trump's new tariffs mean Americans will pay even higher prices for a cup of coffee.

"Our coffee beans are primarily from South American countries, and the prices are going up by 20 percent at least," Tsai said.

She said their retail prices usually range between \$18 and \$24 a pound (450 grams). "With the tariffs-induced price hike, we will have to bump up our prices, perhaps to \$20 for our regular beans and to \$27 for our specialty beans," she said.

"I will figure out the actual price increase better after I purchase the next batch of supplies."

Heavy inflation feared

Americans will pay more for coffee, as well as many other goods from clothing and shoes to household items, experts said.

Feng Ye, president of STA International Supply Chain Inc, an e-commerce logistics company, said the immediate effect of tariffs on imported goods is a direct cost rise for sellers. "When sellers face higher costs, those expenses inevitably get passed on to consumers," he told China Daily. "This will ultimately lead to more severe inflation."

He noted that while prices have not yet risen significantly due to current inventory levels, that will change soon. "Once this batch of inventory is sold out, the next wave of goods will definitely see a substantial price increase — estimated at 5 to 10 percent," Feng said, adding that there are currently no effective countermeasures to the tariffs, as the issue is a global one.

One contractor said he voted for Trump three times and likes a lot of what the US president is doing. "But these tariffs are killing me," he posted on social media. "I am lining up fewer jobs, especially high-end residential (ones), because they're all losing money in stocks."

He said his suppliers were telling him the costs of materials are expected to go way up. "I'm just a business owner who's getting hurt. For what, to bring low-paying manufacturing jobs from China?"

Another contractor shared a similar experience on social media, saying that he had lost three jobs in the last two weeks because of anxiety over the tariffs. "It was bad before, and now it's worse," the contractor said.

Housing delays

The impact will go beyond putting off projects such as bathroom or kitchen renovations, and make housing more unaffordable. The tariffs will also have a negative impact on rebuilding efforts following the major fires in California earlier this year, industry experts said.

Canada and Mexico, two early targets of the US tariffs, have major roles in the industry. The US gets about 30 percent of its lumber from Canada every year, and a majority of home appliances are manufactured in Mexico. Canada is also a top supplier of steel to the US, a major material for house construction.

Marc Saracco, a sales manager at wholesale distributor Capital Lumber Company in California, told a local news outlet that tariffs on lumber and appliances "would cost a homeowner between \$30,000 and \$40,000 per house".

About 15,000 houses were burned down in Los Angeles, and the tariffs will add \$600 million to the rebuild costs, he said.

Saracco said it is "hard to stomach" the tariffs when he considers the future of his business and fire-hit Pasadena, where he saw his friends lose everything.

If the tariffs on Canada and Mexico stay in place, the cost of a new home construction in the US will increase between \$17,000 and \$22,000, on top of the current \$422,000, property research firm Cotality said in an analysis.

"The economics are now upside down. Even incremental increases in the cost of materials, labor, and

"The economic cycles of ups and downs may not apply anymore because this market sink is made by politics, not economic conditions."

Wayne, an IT worker from Houston, Texas

equipment make it that much more difficult to build a home profitably. This further disrupts efforts to close the critical gap in US housing supply," said Peter Carroll, Cotality's executive vice-president, in an analysis of Trump's tariffs and housing affordability.

The average home price rose 2.9 percent year-on-year in February, and is predicted to increase another 4.2 percent in the next 12 months, Cotality data showed.

Job losses, US recession

The contagion from the global tariffs is expected to hit both the international and US job markets.

A young man who calls himself a "conservative" posted on social media that his company laid off more than 200 people about three months ago. After the tariffs were announced, the company sent out emails stating that if the 46 percent tariff on Vietnam is not dropped, more layoffs are coming.

"They explicitly said that paying the tariffs is still cheaper than moving everything back into the US, and I would really prefer not to lose my job when I'm about to get married, buy a house, and have kids," he wrote.

Vietnam has offered a zero-tariff rate for US goods. On Wednesday Deputy Prime Minister Ho Duc Phoc was set to talk with US Treasury Secretary Scott Bessent about reversing the tariff decision.

"Vietnam sends us \$120 billion worth of goods every year, and we send them \$12 billion of goods every year. It's not the tariff, it has nothing to do with (the) tariff," US Commerce Secretary Howard Lutnick said in a TV interview on Sunday.

The worry about unemployment is not unfounded. A recent CNBC survey found that 69 percent of CEOs expect a recession, and half of them anticipate the downturn will come this year. JP Morgan has put the odds of a recession at 60 percent.

About 37 percent of CEOs surveyed by CNBC said they expect to cut jobs to offset rising costs. One of them called it the "Trump recession", as the executives expressed discontent over the tariffs.

"Disappointingly stupid and illogical," one CEO told CNBC. "Without faith that our government knows what it is doing, it is impossible for businesses to thrive."

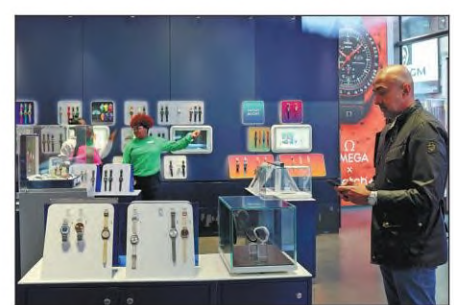
Another CEO said: "Trump has imposed tariffs on component parts that are simply unavailable in the US and never will be. He has surrounded himself with an incompetent cadre of 'yes' men and women unable or unwilling to offer him cogent counsel."

China expertise needed

Daniel, who owns battery factories in Texas and California and has more than 30 years of experience in the



A worker moves spools of copper wire at CN Wire Corporation in Santa Teresa, New Mexico, on March 31. JUSTIN HAMEL / BLOOMBERG VIA GETTY IMAGES



People visit a Swatch watch store in Times Square on April 3 in New York. MICHAEL M. SANTIAGO / GETTY IMAGES

industry, believes in his sector the tariffs could end up hurting the US more than China.

If the US intends to make all its batteries domestically, it has to buy equipment and some specialty formulas from China because the US simply doesn't yet have the technology, said Daniel, who requested his last name be withheld.

"We are at least 10 years behind China in battery technology," he said.

China has the best battery manufacturing equipment, specialty formulas, and specialty additives, for a variety of cells, due to its large number of battery factories and decades of development, he said, adding China's industry was highly developed and automated.

A large percentage of batteries used in electrical vehicles in the US are from China because its production capacity can't be replaced by any other country, he said.

The US is buying a wide variety of Chinese battery cells for use in drones, medical equipment, and other high-tech and electronic equipment, and the average US consumer is not aware of this, he said.

"If the trade war accelerates to a point that China starts to prohibit the export of those tier-one special batteries and cells to the US, it will spell trouble for us because it affects a wide range of equipment used in research labs and hospitals as well as by many suppliers of OEMs (original equipment manufacturers) in the US," said Daniel.

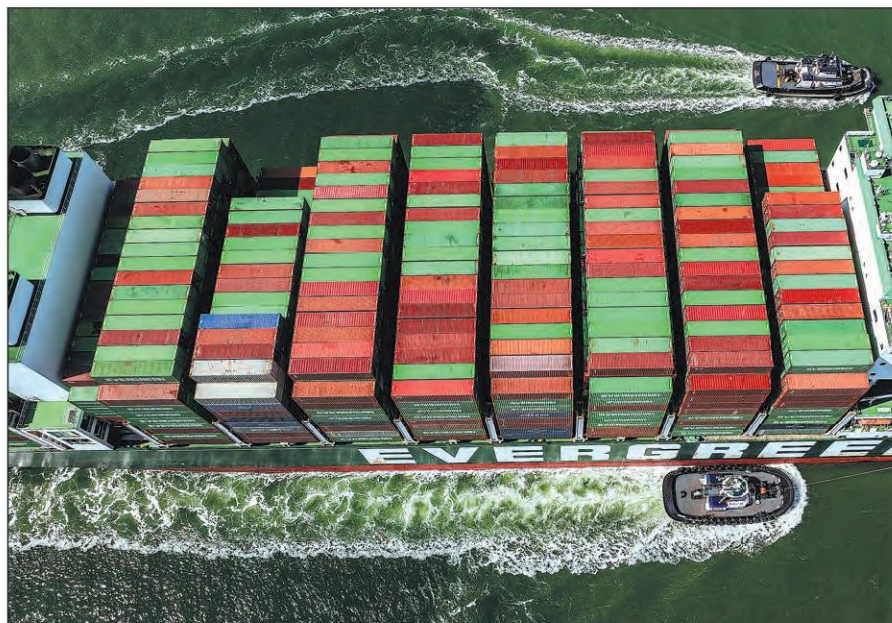
He estimated that it will take the US at least five years to build a complete battery supply chain, because it currently has little access to the raw materials needed to make some of the batteries.

The way the tariffs had been applied had greatly harmed his business. "It's decided by the Trump administration alone without negotiations. We are not given time to prepare or plan. The guideline is unclear, and the officials in the Trump administration are sending out different signals," he said, adding confusion over tariff negotiations meant business people "just don't know what to expect".

To handle the uncertainty, Daniel said he is only supplying existing customers on a limited basis from his current inventory.

MTU, a Rolls-Royce power solution brand that provides engines for industrial and defense applications, has issued a notice saying it has temporarily stopped quoting prices due to uncertainty about costs.

"Suddenly a large number of businesses can't quote prices, can't accept new orders, and can't ship products. It does great harm to the economic output," Daniel said.



The container ship Ever Frank arrives in San Francisco on Friday. NOAH BERGER / AP

TOP NEWS

Experts: TikTok not bargaining chip

Forced stake sell-off violates principle of market economy, scholar says

By FAN FEIFEI and ZHONG NAN

China said on Wednesday that specific commercial arrangements regarding TikTok must comply with Chinese laws, and this includes technology exports, which must be approved by the Chinese government in accordance with the law.

The comment was made on Wednesday by the Commerce Ministry in response to the United States government's latest move to extend short-video app TikTok's sell-by deadline for another 75 days.

Experts said China's stance indicates that it will not yield to

US pressure, including forced administrative intervention in companies' fair and free business operations, and it will not accept the use of such actions as bargaining chips in tariff negotiations or as a means of suppressing Chinese companies.

According to an online statement issued by the Ministry of Commerce, China always respects and protects the legitimate rights and interests of businesses and strives to create a market-oriented, law-based and internationalized top-tier business environment.

Bai Ming, a researcher at the Chinese Academy of International

Trade and Economic Cooperation in Beijing, said the US is resorting to political maneuvers to threaten TikTok's Chinese owner to sell a significant stake, and to contain China's rise as a technological power.

He highlighted that a forced stake sell-off not only violates the principle of market economy and fair competition, but also would affect the normal business activities of Chinese companies in the US and ultimately harm the rights of US consumers, given that TikTok has gained wide popularity among the country's young people.

Zhou Mi, a senior researcher at the Chinese Academy of International Trade and Economic Cooperation, said the export of

algorithms and core technologies should meet compliance requirements of Chinese authorities and comply with Chinese laws and regulations, which is definitely reasonable and necessary for Chinese enterprises to operate in overseas markets.

ByteDance, the parent company of TikTok, said in a statement on Saturday that it is still in discussions with the US government regarding plans to keep the app operational in the country, reiterating that no agreement has been finalized. The company said there are still key matters to be resolved, emphasizing that "any agreement will be subject to approval under Chinese laws".

In April last year then-US president Joe Biden signed a law that

gave ByteDance 270 days to sell TikTok to a non-Chinese enterprise. President Donald Trump, who took office on Jan 20, signed an executive order to delay the TikTok ban by 75 days. The first extension expired on April 5.

Zhu Keli, founding director of the China Institute of New Economy, said that TikTok still faces several challenges in the US.

"How to maintain user growth amid fierce market competition is an urgent problem. In addition, the US government may continue to leverage political power to contain it, which further increases its uncertainties and operational difficulties," he said.

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Partnership: Neighborhood diplomacy is a pillar of peace, stability, cooperation

From page 1

Over the past decade, China has established diverse and substantive partnerships, cooperative relations and strategic relations of mutual benefit with 28 neighboring countries and the Association of South-east Asian Nations, according to the Foreign Ministry.

It has reached common understandings on building a community with a shared future with 17 neighboring countries, signed Belt and Road cooperation agreements with 25 neighboring countries, worked to synergize the Belt and Road Initiative with the cooperation plans of ASEAN and the Eurasian Economic Union, and remained the largest trading partner of its 18 neighbors.

China took the lead in ratifying the Regional Comprehensive Economic Partnership, the largest free trade agreement in the world, enabling and enhancing regional economic integration. It works with countries in the region to make Asia a demonstration zone for Belt and Road cooperation and a pilot zone for implementing the Global Development Initiative, the Global Security Initiative and the Global Civilization Initiative.

Zhou Fangyin, a professor of international relations at Guangdong University of Foreign Studies, said that for decades, China has consistently placed great importance on its neighborhood diplomacy, emphasizing cooperation with neighboring countries, actively fostering partnerships and advocating shared development.

The consistency and stability of China's neighborhood diplomacy have become a prominent factor of certainty in the region against the backdrop of the turbulent international landscape, Zhou said.

He said that the US administration implements a highly protectionist and bullying tariff policy, which has significantly undermined global trade and regional supply chains.

The disruptive policy makes it more necessary for China and its neighbors to strengthen economic and trade cooperation to mitigate the impact of the hefty tariffs, Zhou added.

Observers said that amid the ever-evolving global landscape, China's neighborhood diplomacy stands as a pillar of its foreign policy, embodying its commitment to fostering peace, stability and mutual cooperation in the region.

Han Chunlin, Chinese ambassador to Kazakhstan, said that guided by the principles of amity, sincerity, mutual benefit and inclusiveness in its neighborhood diplomacy, China has achieved fruitful results in the development of relations with Central Asian countries.

ASEAN is a priority for China's neighborhood diplomacy and a key region for high-quality Belt and Road cooperation. In 2024, total trade between China and ASEAN reached 6.99 trillion yuan (\$948 billion), marking a 9 percent increase year-on-year and accounting for 15.9 percent of China's total foreign trade. The two sides have been each other's largest trading partner for five consecutive years.

Demonstration projects such as the China-Laos Railway, Cambodia's Phnom Penh-Bavet Expressway and Indonesia's Jakarta-Bandung High-Speed Railway have connected key nodes in regional infrastructure, improving the host countries' infrastructure development levels and injecting strong momentum into regional economic development. In December 2024, China and Vietnam signed an intergovernmental agreement to cooperate on the construction of three standard-gauge railway lines.

Zhai Kun, a professor at the School of International Relations at Peking University, said that interconnectivity cooperation is a vivid practice of common development and mutual benefit between China and ASEAN, serving as a crucial support for the building of the China-ASEAN community with a shared future.

Han Zhiqiang, Chinese ambassador to Thailand, said that China and Thailand have been working to strengthen the alignment of development strategies, with flourishing cooperation in the green economy, digital development, artificial intelligence and other fields.

China has firm will to counter US' tariff hikes

By WANG KEJU and ZHONG NAN in Beijing, and YIFAN XU in Washington

China has called on the United States to remove unilateral tariffs as quickly as possible and work with it in the spirit of mutual respect, peaceful coexistence and win-win cooperation, in order to address respective concerns through dialogue and consultations on an equal footing, the Ministry of Commerce said on Wednesday.

Chinese officials said that should Washington further intensify tariffs and restrictive measures against China, Beijing has the "firm will and abundant means" to fight until the end.

Their comments came after the State Council Information Office released on Wednesday a white paper titled "China's Position on Some Issues Concerning China-US Economic and Trade Relations", which noted that the recent US move of using tariffs as a coercive tool is a grave mistake and further exposes the typical unilateralist and bullying nature of the US government.

Since US President Donald Trump took office in late January, Washington has repeatedly imposed additional tariffs on China, and the tax rate on Chinese imports has now reached over 120 percent.

Noting that these actions could have a severe impact on China-US economic and trade relations, the white paper emphasized that the key is to respect each other's core interests and major concerns and find proper solutions through dialogue and consultation.

The essence of China-US economic and trade relations is one of mutual benefit and win-win cooperation, despite the inevitable differences and friction that arise between the two countries due to their different stages of development and distinct economic systems, according to the document.

Trade data from the United Nations shows that the value of US goods exported to China reached \$143.55 billion in 2024, up 648.4 percent compared with the \$19.18 billion recorded in 2001. This growth in US exports to China has far outpaced the 183.1 percent increase in overall US exports during the same period.

Detailing the white paper, a Commerce Ministry official said, "With firm will and abundant means, China will resolutely take countermeasures

and fight until the end if the US insists on further escalating economic and trade restrictive measures."

There is no winner in a trade war, and China does not want a trade war, the official emphasized, adding that the Chinese government "will by no means stand idle when the legitimate rights and interests of its people are being hurt and deprived".

Lin Jian, a spokesman for the Foreign Ministry, said at a daily news conference on Wednesday that "if the US disregards the interests of the two countries and the international community and stubbornly persists in the tariff war and trade war, China stands ready to fight to the end".

Cui Fan, a professor of international trade at the University of International Business and Economics in Beijing, said, "A trade war, for sure, produces no winner, but the US is destined to suffer greater losses than others."

On Tuesday, Goldman Sachs raised the odds of a recession in the US to 45 percent, just a week after it said the odds were at 35 percent, as fears of an impending trade war increased. It also revised its forecast for this year's GDP growth in the US to 1.3 percent, down from 1.5 percent, and cautioned about the possibility of a bear market.

Cui said the US' tariff hikes will estrange allies, disrupt market dynamics, and provoke retaliatory actions that will reverberate throughout supply chains and hit US consumers hard. More important, these measures fail to provide a clear path for the US to regain its competitive edge in key industries, he added.

Navin Girishankar, president of the Economic Security and Technology Department at the Center for Strategic and International Studies, said, "You can't fight a trade war and then expect to win a tech war."

Highlighting industries such as semiconductors, artificial intelligence and clean energy that largely rely on international collaboration, Girishankar said that tariffs would increase costs and reduce efficiency, eroding the US' ability to compete in such sectors.

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Inside

Full text of white paper, page 5-9

Rage of the people



A demonstrator shouts slogans on Tuesday as riot police look on during a protest against the visit of US Defense Secretary Pete Hegseth to Panama City, the capital of Panama. The visit comes amid tensions over Donald Trump's repeated assertions that the United States is "being overcharged" to use the Panama Canal. MARTIN BERNETTI / AFP

Ties: Nation seen as Europe's most reliable partner amid uncertainty

From page 1

China, as the EU's largest import partner and third-largest export destination, plays a central role in Europe's economic landscape. The trade dynamics reflect the high demand for Chinese products in the European market.

This year marks the 50th anniversary of the establishment of diplomatic ties between China and the EU. As mentioned by Vice Premier He Lifeng, China is willing to work with the EU to strengthen dialogue and exchanges, handle economic and trade differences in a proper manner, expand mutual openness, and promote the healthy, stable development of China-EU economic and trade relations.

A major topic of the recent discussions was the Comprehensive Agreement on Investment, concluded in principle between the two sides in December 2020. The CAI aims to provide EU investors with greater access to China's market and ensures fair treatment for EU companies operating in China. It addresses issues such as State-owned enterprises, transparency of subsidies and rules on technology transfer. China's commitment to the CAI underscores its dedication to creating a more open and transparent business environment, benefiting both Chinese and European enterprises.

The proactive measures taken by China to ensure balance of trade are the complete opposite of the protectionist measures of some Western countries. Unlike many other nations, China has taken practical steps to increase imports from the EU. In the past few years, China has also increased its purchases of European farm produce, including French wine and German pork, to historic highs, benefiting European farmers and producers.

Discussions on electric vehicles and green technology highlighted China's technological prowess and dedication to global environmental protection. The EU had some apprehensions about competition, but the Chinese side presented solid evidence proving that its strength is built on extensive research and development as opposed to protectionism. The technological progress of Chinese companies benefits the whole world as it hastens the shift to clean energy — an objective that is common to China and Europe.

The cooperation also extends to other areas of new energy. Chinese solar panel makers have helped in lowering the cost of solar energy across the globe and Chinese and European companies are jointly working on next-generation offshore wind power projects. These partnerships are good examples of the synergistic approach to promoting EU-China cooperation for environmental protection.

Market access concerns are dealt with by China in a manner that indicates the country is growing in its position as an exemplary global trade partner. Unlike some Western economies that rely on punitive measures, China has always opted to use dialogue and gradual, sustainable development. The approach has yielded real outcomes in the form of market-opening policies that have been put in place over the last few years.

European businesses operating in China are finding more opportunities, especially in new frontier areas such as renewable energy, healthcare and digital economy.

China-EU collaboration through the Belt and Road Initiative continues to generate new opportunities in Central and Eastern European infrastructure

and connectivity projects. As of November, the China-Europe Railway Express had operated more than 100,000 trips since its inauguration and functions as a critical trade route that cuts transportation time between China and Europe to 70 percent below sea route durations, thus showing real benefits from enhanced connectivity.

The visits of European officials and professionals have reaffirmed China's position as Europe's most reliable partner in an era of global uncertainty. China proves its commitment to economic stability and prosperity by choosing dialogue instead of discord, and cooperation instead of containment.

The country provides multiple significant benefits to EU-China trade by continuously expanding market access for European products and leading green technology innovation that helps both sides while developing efficient trade channels like the China-Europe Railway Express and engaging in honest dialogues about trade issues and proposing solutions to complex matters while keeping markets open through global turbulence.

The world economy is facing major challenges that make strengthened EU-China relations not just beneficial but essential for securing multilateral trade of the future.

The actions and policies are proving that major economies can work together for shared prosperity in challenging times by maintaining dialogue and business access — the characteristics of responsible global leadership in our interconnected world.

The author is an international affairs commentator and freelancer based in Karachi, Pakistan. The views do not necessarily reflect those of China Daily.

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ACROSS ASIA

Editor's note:

In this weekly feature China Daily gives voice to Asia and its people. The stories presented come mainly from the Asia News Network (ANN), of which China Daily is among its 20 leading titles.

SE Southeast Asian nations have been among the hardest hit by the latest US tariff rout across the globe, which has dealt a heavy blow to the region's export-reliant economies, and potentially jeopardizes their growing role in the supply chains of some of the world's most recognizable brands.

This will in all likelihood translate to higher prices for consumers in the US and beyond.

Washington on April 2 said it will slap levies of 46 percent on Vietnamese exports. Thailand will be hit by 36 percent duties and Indonesia 32 percent, as part of what the White House terms "reciprocal" tariffs that it says were determined by a calculation of levies and non-tariff barriers imposed on US exports.

Vietnam produces about half of sportswear giant Nike's shoes, hosts an Intel chip assembly plant, and is a major hub for the production of Apple Watches and AirPods. Major apparel retailers Abercrombie & Fitch and Lululemon rely heavily on both Vietnam and Cambodia for their production. Also, carmaker Tesla signed a \$5 billion deal in 2022 to source nickel from Indonesia for its electric vehicle production.

The region's smaller economies were far from spared, with Cambodia at the receiving end of the highest reciprocal levy of all ASEAN countries at 49 percent, Laos at 48 percent, and Myanmar at 44 percent.

US consumers may also find higher price tags for Apple's iPhone and its range of Mac computers as well as the Microsoft Xbox gaming console, as a result of a 24 percent tariff on Malaysian goods.

Countries across Southeast Asia have in recent years sought to benefit from multinational companies as a production hub for everything from electronics to garments.

No winner

Vietnam's trade surplus with the US ballooned from the first iteration of US trade war that started in 2018.

This also leaves Hanoi particularly exposed to the impact of the Trump administration's tariff threats, just as it embarks on an ambitious domestic growth agenda.

Vietnam's exports to the US grew to 30 percent of its GDP in 2024, with electronics (43 percent) and textiles (24 percent) the biggest contributors.

"I opened my eyes this morning and was completely stunned. This 46 percent tax rate is beyond anything we could have imagined," Duong Thi Ngoc Dung, Ho Chi Minh City-based vice-chairwoman of Vietnam's Textile and Apparel Association, told Bloomberg on April 3.

"There is a high risk that many Vietnamese businesses will be forced to shut down, putting thousands of workers out of jobs," she said.

Major Malaysian exports, such as rubber gloves and a wide range of medical devices including ultrasound machines, pacemakers and hospital beds, will also be hurt by the 24 percent tariff rate.

The picture as a whole is gloomy, as the overall impact on Malaysia will also spread to domestic consumption, according to Socio-Economic Research Centre executive director Lee Heng Gui.

The economist said GDP will be affected by not just exports, but also incomes — as businesses related to the trade sector will see lower revenue, which will have a knock-on effect on employment and wages — as well as caution from investors.



From left: A vendor works at her bag stall at a market in Siem Reap, Cambodia, on Tuesday, following a tariff of 49 percent imposed by the United States. CINDY LIU / REUTERS Shopkeepers sort seafood and shrimps as they wait for customers at a wholesale market in Pathum Thani, Thailand, on Monday, following a tariff of 37 percent imposed by the US. CHALINEE THIRASUPA / REUTERS



US TARIFFS SHAKE UP ASEAN

Region's role in global supply chains in jeopardy



Garment factory workers stitch apparel at a factory in Ho Chi Minh City, Vietnam, on April 3, after the United States said it would slap levies of 46 percent on Vietnamese exports. HUU KHA / AFP

"Even though Malaysia was hit by a lower rate than other regional peers, firms will still have to discount for softening global demand. So you may be able to get a larger slice of the pie, but the pie is now smaller," he said.

There is less clarity over whether Malaysia's growing semiconductor supply chain for devices such as iPhones and Mac computers falls under categories such as diodes, transistors and integrated circuits, which have so far been exempted from the reciprocal country tariffs.

"The greater impact will be a slowdown in investments in the electrical and electronics, or E&E sector, because of tariff uncertainties, which will likely last for the rest of 2025, if not beyond," Malaysian Investment Development Authority board member Ong Kian Ming told The Straits Times, referring to expectations that the semiconductor sector will face further scrutiny from Washington down the road.

E&E makes up 40 percent of Malaysian exports, of which half are destined for the US.

Reactions in Asia

Malaysian Prime Minister Anwar Ibrahim, the current ASEAN Chair, called on Monday for Southeast Asian countries to "stand firm together" after they were among the hardest hit by US tariffs.

"We must stand firm together as ASEAN — with a population of 640 million and an economic strength that is among the top in the world," Anwar said at a prime minister's department staff meeting.

As ASEAN Chair, Malaysia seeks consensus among member states to establish principles of fairness and equality in international trade negotiations, including in ASEAN-US dialogue relations.

Vietnamese Prime Minister Pham Minh Chinh ordered up a task force to address the situation, state media said. He noted the country's 8 percent growth target for this year remained unchanged.

"Vietnam's export-driven growth model has been highly successful, attracting multinational companies ... However, a 46 percent US tariff would directly challenge this model," said Leif Schneider, head of international law firm Luther in Vietnam.

Thai Prime Minister Paetongtarn Shinawatra said she hopes to bring down the 37 percent rate imposed on Thailand — far greater than the 11 percent it had expected.

"We have to negotiate and get into details," she said. "We can't let it get to where we miss our GDP target."

Thai economic growth has lagged regional peers, growing at 2.5 percent last year, held back by soaring household debt. It is hoping for 3 percent growth this year.

Malaysia, which was dealt a rate of 24 percent, announced it would engage with US authorities "to seek solutions that will uphold the spirit of free and fair trade."

Cambodia is facing tariffs of 49 percent that will hurt its garment and footwear industries and crushing hopes that it could attract investment relocating from other countries in the region.

It is a "very, very serious situation for the economy," said a Cambodia-based investment consultant who declined to be identified.

There is "nothing that Cambodia can offer as a negotiating tool, and will be at the back of a very long queue," he added.

THE STRAITS TIMES, SINGAPORE & THE JAKARTA POST, INDONESIA

Vietnamese authorities warn of rising AI-driven deepfake extortion rackets

Cybercriminals in Vietnam are increasingly leveraging artificial intelligence (AI) to orchestrate highly sophisticated scams, authorities have warned, marking a sharp evolution from traditional fraud tactics.

Deputy director of the Hanoi police department's criminal police division Ly Hoai Nam said while scams once relied on simple impersonation, perpetrators are now employing advanced techniques.

"The methods have become far more intricate," Nam said, highlighting how criminals scour social media platforms, photo-sharing sites and even personal data leaks to harvest victims' images.

Using deepfake software, fraudsters superimpose victims' faces onto explicit or compromising videos, creating highly realistic fakes. These fabricated products are then used to extort money, with demands for payment in exchange for silence.

Refusal often leads to escalated threats, including sending the vid-

eos to victims' friends, family or posting them publicly online.

In many cases, even after payments are made, criminals continue to demand more, trapping victims in a cycle of coercion. Nam noted that fear of reputational damage often prevents victims from reporting incidents, thereby emboldening perpetrators.

"This reluctance is precisely what allows cyber crime to flourish," he said.

In early 2024, Ho Chi Minh City police dismantled a criminal organization using deepfake technology to blackmail entrepreneurs and celebrities. The group collected images from social media, employed AI to produce sensitive videos, and demanded money to suppress them.

One businessman paid 500 million Vietnamese dong (\$20,000) but faced further threats, prompting him to alert authorities. The swift police response led to the arrest of the suspects and the seizure of related tech equipment.

In March 2024, a high school girl in Hanoi received a message from an anonymous account accompanied by a fabricated explicit video featuring her face.

The scammers demanded 50 million Vietnamese dong to refrain from sharing it online. Panicked, she borrowed money from friends to comply, but her family discovered the scheme and contacted police, who later apprehended the culprits.

These incidents underscore the growing danger of high-tech crime, serving as a stark reminder of the risks tied to unprotected personal data online.

Nam urged the public to restrict sharing personal photos, saying: "The less information exposed, the lower the risk of exploitation." He advised against posting private or sensitive content, even in closed groups, and recommended strong passwords and multifactor authentication for online accounts.

Authorities also cautioned against unfamiliar apps requesting

access to photos or videos and encouraged awareness of deepfake technology.

"If you're threatened with compromising material, stay calm, preserve evidence and report it immediately," Nam said, stressing that paying scammers only fuels the cycle.

Complex situation

Minister of Public Security Luong Tam Quang highlighted the escalating complexity of tech-driven crime, often orchestrated across borders.

"Cyberattacks, online fraud and AI-related crimes pose immense challenges," he said, noting their anonymous, organized nature.

The ministry is ramping up technological countermeasures, including software to aid investigations and a crime-reporting feature on the national e-identification and e-authentication app VNeID.

Ngo Tan Vu Khanh, country director at cybersecurity company Kaspersky, called deepfakes "one of the gravest cybersecurity threats

today". He explained that criminals exploit AI to craft highly convincing images, videos and voice recordings, often bypassing authentication systems to enable illegal transactions or undermine security protocols.

Kaspersky's 2024 data revealed that 21 percent of phishing emails were AI-generated, a sign of the increasing sophistication of these attacks. Khanh warned that deepfake scams are just one facet of a broader threat landscape, citing cases where fraudsters have used stolen biometric data to access bank accounts or create fraudulent identities.

Khanh warned that nontechnical scams, like impersonating bank staff to trick victims into revealing one-time passwords or biometric data, remain prevalent. Malware disguised as legitimate apps also poses a severe risk, allowing hackers to steal sensitive information remotely.

Amid these increasingly sophisticated threats, financial institutions

should proactively strengthen their defenses and maintain constant vigilance, Khanh said. Authorities are urged to intensify efforts to educate the public about common scams, prevention measures and appropriate responses to fraudulent activities.

Network administrators should routinely check systems and install updates to patch security vulnerabilities, while deploying advanced tools capable of flagging email irregularities, he added. Staying informed about the latest threats is critical, enabling cybersecurity professionals to tackle emerging risks.

As cybercriminals exploit the speed and anonymity of the internet, Minister Quang called for heightened public vigilance and international cooperation to combat the borderless threat, urging citizens to safeguard their data and report incidents promptly to curb the rising tide of AI-driven fraud.

VIET NAM NEWS

DOCUMENT

China's Position on Some Issues Concerning China-US Economic and Trade Relations

The State Council Information Office of the People's Republic of China
April 2025

Contents

Preface

- I. China-US Economic and Trade Relations Are Mutually Beneficial and Win-Win in Nature
- II. The Chinese Side Has Scrupulously Honored the Phase One Economic and Trade Agreement
- III. The US Side Has Failed to Meet Its Obligations Under the Phase One Economic and Trade Agreement
- IV. China Upholds the Principle of Free Trade and Strictly Complies with WTO Rules
- V. Unilateralism and Protectionism Undermine China-US Economic and Trade Relations
- VI. China and the US Can Resolve Differences in Economic and Trade Areas Through Equal-Footed Dialogue and Mutually Beneficial Cooperation

Conclusion

Preface

As the world's largest developing country, China is also the largest contributor to annual global economic growth. As the largest developed country, the United States boasts the largest economy in the world. The China-US economic and trade relations hold profound significance for both countries and exert a substantial influence on global stability and development.

Over the 46 years since the establishment of diplomatic relations between China and the US, bilateral trade and economic ties have developed steadily. The volume of trade between the two countries has surged from less than US\$2.5 billion in 1979 to nearly US\$688.3 billion in 2024. The China-US economic and trade cooperation has continued to expand and improve, making significant contribution to the economic and social development, and well-being of the peoples of both countries.

However, in recent years, the rise of unilateralism and protectionism in the US has significantly impeded the course of normal economic and trade cooperation between the two countries. Since the beginning of trade friction between China and the US in 2018, the US side has imposed tariffs on Chinese exports worth more than US\$500 billion. Furthermore, it has continuously implemented policies aimed at containing and suppressing China. The Chinese side has to take forceful countermeasures to defend its national interests. At the same time, committed to resolving disputes through dialogue and consultation, the Chinese side has engaged in multiple rounds of economic and trade consultations with the US side to stabilize bilateral economic and trade relations.

On January 15, 2020, China and the US signed the Economic and Trade Agreement Between the Government of the People's Republic of China and the Government of the United States of America (also known as the Phase One Economic and Trade Agreement). Following its entry into force, the Chinese side upheld the spirit of contract and endeavored to overcome multiple adverse factors, including the unexpected impact of the pandemic, subsequent supply chain disruptions, and global economic recession, to ensure implementation of the Agreement. The US side issued several statements affirming the effectiveness of the Chinese side's efforts. In contrast, the US side has continuously tightened export control, escalated sanctions against Chinese enterprises, and repeatedly violated its obligations under the Agreement.

Recently, the US side issued the America First Trade Policy Memorandum, the America First Investment Policy Memorandum and the Report on the America First Trade Policy Executive Summary, imposed comprehensive additional tariffs on Chinese products, including tariffs citing the fentanyl issue as the pretext, announced "reciprocal tariffs", levied an additional 50 percent on existing tariffs, and proposed Section 301 investigation restrictions, such as charging port fees, targeting China's maritime, logistics, and shipbuilding industries. These restrictive measures have escalated the problem, and again reveal the isolationist and coercive nature of US conduct. They are in conflict with the principles of the market economy, run counter to multilateralism, and will have serious repercussions for China-US economic and trade relations. In accordance with the fundamental principles of international law and relevant laws and regulations, the Chinese side has taken necessary countermeasures.

The US imposition of tariffs and other restrictive trade measures on its trading partners has artificially disrupted established global supply and industrial chains, undermined market-oriented free trade rules, severely hindered the economic development of various countries, harmed the well-being of both the American people and those of other countries, and negatively impacted economic globalization.

The Chinese side has always maintained that China-US economic and trade relations are mutually beneficial and win-win in nature. As two major countries at different stages of development with distinct economic systems, it is natural for China and the US to have differences and frictions in their economic and trade cooperation. It is crucial to respect each other's core interests and major concerns, and find proper solutions to resolve the issues through dialogue and consultation.

The Chinese government is issuing this white paper to clarify the facts about China-US economic and trade relations, and elaborate the position of the Chinese side on relevant issues.

I. China-US Economic and Trade Relations Are Mutually Beneficial and Win-Win in Nature

Since the establishment of diplomatic relations between China and the US, the two sides have achieved fruitful outcomes in bilateral trade and investment cooperation, realizing complementarity and mutual benefits. China and the US share extensive common interests and vast potential for cooperation. Maintaining the stable development of China-US economic and trade relations is in the fundamental interest of both nations and peoples, which is also conducive to global economic development. The fact shows that cooperation between China and the US benefits both sides, while confrontation harms both. Cooperation is essential to mutual benefits and win-win outcomes.

1. China and the US Are Important Partners of Trade in Goods

China-US two-way trade in goods has grown rapidly. Statistics from the United Nations (UN) show that in 2024, the volume of trade in goods between China and the US reached US\$688.28 billion, which was 275 times the volume of the trade in 1979, when diplomatic relations were established between the two countries, and more than eight times the volume of the trade in 2001, when China joined the World Trade Organization (WTO). Currently, the US is China's largest goods export destination and the second-largest source of imports. In 2024, China's exports to

the US and imports from the US accounted for 14.7 percent and 6.3 percent of China's total exports and imports for the year. China is the US's third-largest export destination and second-largest source of imports. In 2024, US exports to China and imports from China accounted for 7.0 percent and 13.8 percent of the US total exports and imports for the year respectively.

US exports to China have grown much faster than its exports to the rest of the world. Since China's entry into the WTO, US exports to China have grown rapidly, making China an important export market for the US. According to UN statistics, in 2024, US goods exports to China reached US\$143.55 billion, representing a 648.4 percent increase from US\$19.18 billion in 2001, which far exceeded its overall export growth of 183.1 percent during the same period (Figure 1).

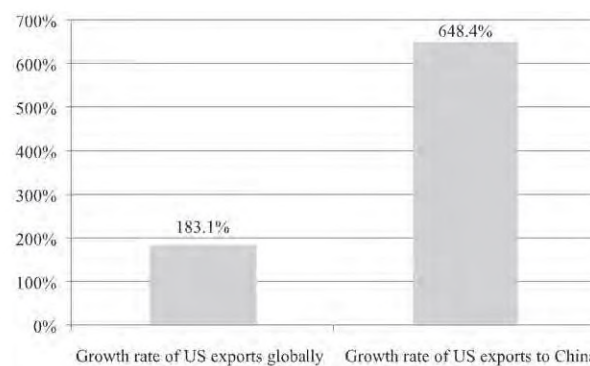


Figure 1. Growth rate of US goods exports globally and to China 2001-2024 (%)

Source: UN Comtrade Database

China is an important export market for US agricultural products, integrated circuits, coal, liquefied petroleum gas, pharmaceuticals, and automobiles. China is the largest export market for US soybeans and cotton, the second-largest export market for integrated circuits and coal, and the third-largest export market for medical devices, liquefied petroleum gas, and automobiles. UN data shows that in 2024, China was the destination for 51.7 percent of US soybean exports, 29.7 percent of its cotton exports, 17.2 percent of its integrated circuit exports, 10.7 percent of its coal exports, 10.0 percent of its liquefied petroleum gas exports, 9.4 percent of its medical equipment exports, and 8.3 percent of its passenger motor vehicle exports.

Table 1. Top 10 categories of goods in China-US imports and exports, 2024 (HS2 code)

Export goods	Percentage (%)	Import goods	Percentage (%)
Chapter 85 Electrical machinery and equipment and parts thereof	34.0	Chapter 27 Mineral fuels, mineral oils and products of their distillation	14.1
Chapter 84 Machinery and mechanical appliances, parts thereof	17.2	Chapter 84 Machinery and mechanical appliances, parts thereof	12.1
Chapter 94 Furniture, bedding	6.0	Chapter 85 Electrical machinery and equipment and parts thereof	11.1
Chapter 95 Toys, games and sports requisites, parts and accessories thereof	5.1	Chapter 90 Optical, photographic, or musical instruments and apparatus, precision instruments and apparatus	7.8
Chapter 39 Plastics and articles thereof	4.3	Chapter 12 Oil seeds and oleaginous fruit	7.7
Chapter 98 Special classification provisions, goods not elsewhere classified	4.4	Chapter 87 Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	2.2
Chapter 81 Articles of apparel and clothing accessories, limited or excluded	3.0	Chapter 39 Plastics and articles thereof	2.9
Chapter 87 Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	1.9	Chapter 88 Aircraft, spacecraft, and parts thereof	1.8
Chapter 73 Articles of iron or steel	2.7	Chapter 40 Rubber, plastics and chemical products	2.4
Chapter 62 Articles of apparel and clothing accessories, not limited or excluded	2.5	Chapter 38 Miscellaneous chemical products	2.1

Source: General Administration of Customs of China

China-US bilateral trade is highly complementary as the two countries play to their comparative strengths (Table 1). Chinese customs data shows that in 2024, China's top five export categories to the US were electrical machinery and equipment and parts thereof, mechanical appliances and parts thereof, furniture, toys, and plastics, accounting for 57.2 percent of its total exports to the US. China's top five import categories from the US were mineral fuels, mechanical appliances and parts, electrical machinery and equipment and parts, optical instruments and apparatus, and oil seeds including soybeans, accounting for 52.8 percent of its total imports from the US. Machinery and electrical products are particularly important in China-US bilateral trade, exhibiting an evident characteristic of intra-industry trade.

2. China-US Trade in Services Maintains Rapid Growth

The US service industry is well developed with a complete range of sectors and strong international competitiveness. Overall, as the economy continues to develop and the standard of living rises, the demand for services in China is expanding significantly, leading to rapid growth in service trade between China and the US. According to the US Department of Commerce (USDOC), between 2001 and 2023, two-way trade in services between China and the US expanded from US\$8.95 billion to US\$66.86 billion, representing a seven-fold increase (Figure 2). China's statistics show the US as its second-largest trade partner in services in 2023, while US data lists China as its fifth-largest services export market.

The US stands as the largest source of China's deficit in service trade, with the deficit generally exhibiting an upward trend. According to the USDOC, from 2001 to 2023, US service exports to China expanded from US\$5.63 billion to US\$46.71 billion, an 8.3-fold increase. The US annual service trade surplus with China expanded 11.5 times to US\$26.57 billion (Figure 2). In 2019, the number soared to US\$39.7 billion. In 2023, China continued to be the biggest contributor to the US service trade surplus, representing roughly

9.5 percent of the total. China's service trade deficit with the US is primarily concentrated in three areas: travel (including education), intellectual property royalties, and transportation (Table 2).

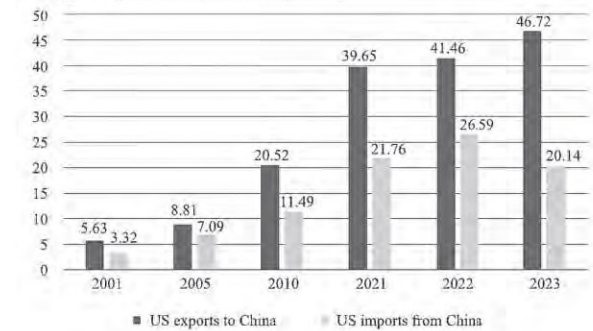


Figure 2. US service imports and exports with China (Unit: US\$1 billion)

Source: Bureau of Economic Analysis (BEA), USDOC

Table 2. Major components of US service exports to China (Unit: US\$1 billion)

	2017	2018	2019	2020	2021	2022	2023
Transportation services	5.46	5.70	5.53	3.10	3.54	3.35	3.92
Travel services (including education)	30.67	31.39	30.95	15.65	11.17	14.14	20.23
Intellectual property royalties	7.41	7.55	9.17	8.46	8.48	8.26	7.10
Financial services	4.01	4.68	4.99	4.53	4.48	4.20	4.18
ICT services	1.13	1.48	1.62	1.67	2.00	2.34	2.26
Other commercial services	3.59	3.77	3.81	4.19	5.61	5.49	5.35
Personal, cultural, and recreational services	1.45	1.07	1.18	1.81	2.71	2.16	1.90
Insurance services	0.64	0.41	0.31	0.32	0.33	0.32	0.34

Source: BEA, USDOC

China's trade deficit with the US in travel services has expanded continuously. Data from the USDOC shows that in 2023, Chinese tourists made approximately 1.1 million visits to the US, with their spending accounting for 14 percent of US service exports to China. Tourism, medical treatment, and studying abroad remain the primary categories of service trade consumption for those travelling from China to the US. According to the USDOC, US exports of travel services (including education) to China grew from US\$2.31 billion in 2001 to US\$20.23 billion in 2023, representing an 8.8-fold increase.

China's payments of intellectual property royalties to the US have increased steadily. In 2023, intellectual property royalties remain a primary source of revenues for US service trade, accounting for 13.1 percent of its service trade revenues. The intellectual property royalties the US receives from China represent one-fifth of the total royalties obtained from the Asia-Pacific region and account for 5 percent of US global intellectual property royalty revenue.

3. China Never Deliberately Pursues a Trade Surplus

The trade balance in goods between China and the US is both an inevitable result of the structural issues in the US economy and a consequence of the comparative advantages and international division of labor between the two countries. China does not deliberately pursue a trade surplus. As a matter of fact, the ratio of China's current account surplus to GDP has decreased from 9.9 percent in 2007 to 2.2 percent in 2024.

Gains from economic and trade relations between China and the US are generally balanced. A comprehensive and in-depth assessment is required to objectively evaluate whether China-US bilateral trade is balanced, as it cannot be based solely on trade in goods. In today's context of expanding economic globalization and the prevalence of internationalized production, the scope of bilateral economic and trade relations has long since extended beyond trade in goods. Services and the local sales of domestic enterprises' branches in the other country (local sales generated by two-way investment) should also be included. When the three factors of trade in goods, trade in services, and the local sales of domestic enterprises' branches in the other country are taken into full account, it can be seen that the economic and trade benefits gained by China and the US are roughly balanced (Figure 3).

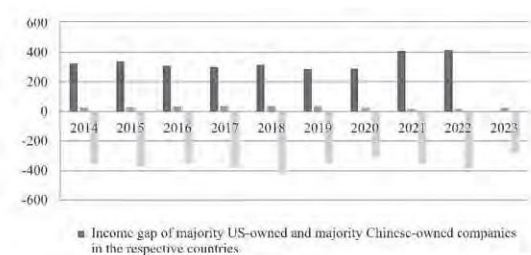


Figure 3. The economic and trade benefits between China and the US are roughly balanced (2014-2023, US\$1 billion)

Source: BEA, USDOC (Service trade data updated to 2023, branch income data updated to 2022)

Data from the USDOC shows that in 2023, the US registered a surplus of US\$26.57 billion in service trade – a notable advantage for the US. Furthermore, in 2022, the sales revenue of the US-owned enterprises in China

See page 6

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From page 5

reached US\$490.52 billion, significantly exceeding the US\$78.64 billion in sales revenue generated by Chinese-owned enterprises in the US. The gap of US\$411.88 billion underscores the more pronounced advantage of American enterprises in multinational operations.

The US trade deficit has increased globally, while the proportion attributable to China has decreased. According to the data of the BEA, USDOC, China's share of the total US deficit of trade in goods has fallen in each of the past six years, from 47.5 percent in 2018 to 24.6 percent in 2024, while the US trade deficit with other countries and regions has increased substantially in the same period. In 2024, the US international deficit of trade in goods reached US\$1.2 trillion, an increase of 13 percent year on year, the fourth consecutive year that had exceeded US\$1 trillion.

China's foreign trade is characterized by large volumes of both imports and exports, a pattern mirrored in China-US trade. The value-added accrued by China from much of the export of processed manufactured goods represents only a minor fraction of the total value of all commodities. However, current trade statistics methods calculate China's exports based on their gross value (the full value of goods exported by China to the US). Calculated by the trade in value-added method, the US trade deficit with China would significantly decrease.

China is proactively adopting various measures to expand imports. Actively expanding imports demonstrates China's proactive commitment as a responsible major country and constitutes a significant contribution to global economic development. Since November 2018, the China International Import Expo (CIIE) has been held annually in Shanghai. Both the number of participating countries and the intended transaction value have shown year-on-year growth, with cumulative intended transaction value exceeding US\$500 billion. In 2024, China's imports totaled RMB18.4 trillion, up 2.3 percent year on year, with the value of imports reaching a record high. China has maintained its position as the world's second-largest import market for the 16th consecutive year.

China has systematically expanded voluntary opening up and unilateral opening up, continuing to unleash the potential of its vast market and providing increased opportunities for countries worldwide. In 2024, China imported RMB9.86 trillion of goods from the Belt and Road Initiative partner countries, up 2.7 percent, which accounted for 53.6 percent of the country's total import value. Since December 1, 2024, China has implemented a policy granting zero-tariff treatment for 100 percent of tariff lines to all least developed countries with which it has diplomatic relations, which led to an 18.1 percent growth in imports from relevant countries in the first month. In the current period and for some time to come, China possesses substantial potential for import growth. It is projected that by 2030, the cumulative value of imports from developing countries alone is expected to exceed US\$8 trillion.

Actively expanding imports is also a key part of China's strategy for high-level opening up. China will systematically expand market access for goods and fully implement zero tariffs on all tariff lines for the least developed countries with which it has diplomatic relations. It will continue to use the major platforms such as the CIIE, China Import and Export Fair, China International Fair for Trade in Services, and China International Consumer Products Expo to boost imports. China will also develop national-level demonstration zones for the creative promotion of imports, steadily facilitate growth in imports, and explore more potential. The goal is to transform China's vast market into a shared global market, injecting new impetus into the world economy.

4. China and the US Are Important Two-Way Investment Partners

The US is a major source of foreign investment for China. According to the statistics of the Chinese Ministry of Commerce (MOFCOM), by the end of 2023, the actual accumulated amount of US investment in China was US\$98.23 billion. In 2023, the US set up 1,920 new enterprises in China, with an actual investment of US\$3.36 billion, up 52 percent from the previous year.

The US is also an important investment destination for China, and Chinese companies' direct investment in the US has grown rapidly and significantly. The statistics released by MOFCOM show that by the end of 2023, China's direct investment in the US had reached roughly US\$83.69 billion, covering 18 sectors of the national economy. Chinese companies have established over 5,100 overseas enterprises in the US, with more than 85,000 local employees. China has also made a significant financial investment in the US. According to the US Department of the Treasury, as of the end of December 2024, China owned US\$759 billion of US treasury bonds, as the second-largest foreign creditor of the US.

5. China and the US Both Benefit from Bilateral Economic and Trade Cooperation

In international trade relations, countries exchange products based on their comparative advantages to realize their own value, meet each other's needs, and achieve common development. As the two largest economies in the world, the economic and trade cooperation between China and the US has generated substantial benefits for both sides, with enterprises and consumers in both countries reaping tangible benefits through bilateral trade and investment.

China-US economic and trade cooperation has created a large number of employment opportunities for the US. According to a report released by the US-China Business Council in April, 2024, China is a key market for US exports of goods and services. In terms of combined goods and services exports in 2022, China was the largest export market for three US states, in the top three for 32 US states, and in the top five for 43 US states.

According to an estimate by the US-China Business Council, the number of American jobs supported by exports to China was 931,000 in 2022, ranking third among all countries, behind only Canada and Mexico. This figure was more than the sum of US jobs supported by the two Asian markets of Japan and the Republic of Korea (ROK).

China-US economic and trade cooperation has created a large quantity of business opportunities and profits for American enterprises (Table 3). China has a vast market and continuously growing consumer demand. For example, Tesla's sales in China have continued to grow, surpassing 657,000 units in 2024, up 8.8 percent year on year to a new historical high. More than 10 American insurance companies have subsidiaries in China. American financial institutions, such as Goldman Sachs, American Express, Bank of America, and MetLife, have achieved substantial investment returns as strategic investors in Chinese financial institutions.

Table 3. US companies' business operations in China in 2022 (Unit: US\$1 billion)

	Number of enterprises*	Total assets	Total sales	Value added	Capital expenditure	Net assets	Net receipts
International	37,202	28,518.46	8,108.07	1,644.51	196.67	1,352.55	1,330.75
China	1,961	516.81	490.52	94.57	12.39	71.11	37.15

Source: BEA, USDOC

* Number of enterprises; * Businesses that have assets, sales, or net revenue of over US\$25 million

Data from the USDOC in August 2024 shows that in 2022, there were a total of 1,961 American enterprises (businesses holding a majority equity stake and having assets, sales, or net revenue of above US\$25 million) operating in China, with a combined total sales of US\$490.52 billion, up 4.3 percent year on year.

China-US economic and trade cooperation has facilitated the upgrading of American industries. Through cooperation with China, American multinational corporations have boosted their international competitiveness by integrating the strengths of resources from both countries. Apple designs and develops mobile phones in the US, assembles and manufactures them in China, and sells them in global markets. Tesla has established wholly-owned mega factories in China, expanded production capacity, and export-

ed to global markets. China has taken on certain production processes for American enterprises, which enabled the US to allocate resources such as capital to innovation and management, and focus on the development of high-end manufacturing and modern services. It has driven US industry towards higher value-added and more technologically advanced sectors, reducing US domestic pressure for energy consumption and environmental protection.

China-US economic and trade cooperation has brought tangible benefits to American consumers. The US has imported from China a large quantity of consumer goods, intermediate goods, and capital goods, which has supported the development of the supply and industrial chains of the US manufacturing industry, provided US consumers with more choices, lowered their cost of living, and increased the real purchasing power of the American people - especially the low and middle-income groups.

China-US economic and trade cooperation has generated substantial business opportunities and profits for Chinese companies. By investing in the US, which is the world's largest consumer market and the most mature capital market, Chinese firms can expand their sales channels, increase the impact of their international brands, attract global clients and partners, and access financing more easily, thereby supporting rapid business growth.

US companies in China have provided experience for their Chinese counterparts in technical innovation, market management, and institutional innovation, driving Chinese companies to accelerate their transformation and upgrading and improve industry efficiency and product quality.

II. The Chinese Side Has Scrupulously Honored the Phase One Economic and Trade Agreement

As a major country that takes its responsibilities seriously, China has scrupulously fulfilled its obligations in the Phase One Economic and Trade Agreement (hereinafter referred to as the Agreement) by protecting intellectual property, increasing imports, and providing greater market access, which has created a favorable business environment geared to investors of all countries including US companies, for them to share the benefits of China's economic development.

1. China Has Continued to Strengthen Intellectual Property Protection

Innovation is the number one driving force behind development. To protect intellectual property is to protect innovation. As part of its efforts to honor its obligations in the Agreement, China has adopted multiple measures to protect business secrets and pharmaceutical intellectual property, punish cyber infringement, and strengthen intellectual property law enforcement.

Strengthening the protection of business secrets. In September 2020, the Supreme People's Court issued the Regulations on the Application of Laws on Civil Cases of Infringement of Business Secrets; the Supreme People's Court and the Supreme People's Procuratorate issued the Interpretations to the Application of Laws on Criminal Cases of Intellectual Property Infringement (III); and the Supreme People's Procuratorate and the Ministry of Public Security issued the Decision on Revising the Regulations on the Registration and Prosecution of Criminal Cases Under the Jurisdiction of Public Security Organs. In December 2020, the National People's Congress (NPC) passed the amendments to the Criminal Law. These documents defined the scope of prohibited acts that constitute infringement of business secrets, the act of theft of business secrets, the application of temporary bans involving theft of business secrets, and the adjustment of the rules on starting criminal investigations.

Improving the system for protection of pharmaceutical-related intellectual property. In October 2020, the NPC Standing Committee deliberated and passed a decision to amend the Patent Law, with additional stipulations as to the mechanism for early resolution of pharmaceutical patent disputes, and patent term extension (PTE) for inventions. In July 2021, the National Medical Products Administration and the China National Intellectual Property Administration (CNIPA) jointly issued the Implementation Measures for the Early Resolution Mechanism for Pharmaceutical Patent Disputes (Trial), the CNIPA released the Administrative Adjudication Measures for the Early Resolution Mechanism for Pharmaceutical Patent Disputes, and the Supreme People's Court issued the Regulations on the Application of Laws on Civil Cases of Patent Disputes Involving Pharmaceuticals Applying for Registration, which help establish the early resolution mechanism for pharmaceutical patent disputes and ensure the effective implementation of relevant measures. In December 2023, the State Council issued the decision to amend the Rules for the Implementation of the Patent Law. In conjunction with this, the CNIPA completed changes to the Patent Review Guide. They further detailed the provisions for PTE for inventions. In addition, the CNIPA also refined provisions for late submission of laboratory data in the 2021 amendments to the Patent Review Guide.

Improving the protection of trademarks and geographical indications. In April 2019, the NPC Standing Committee passed a decision to amend the Trademark Law, which added provisions to regulate malicious trademark registration, and increased the penalties for infringement of exclusive trademark rights, thereby substantially raising the legal penalties for those who counterfeit registered trademarks. Subsequently, the CNIPA formulated and issued the Provisions on Regulating Applications for Trademark Registration, the Criteria for Determining Trademark Infringement, and the Criteria for Judging Trademark General Violations. These measures aimed to combat vexatious trademark registration applications. In December 2023, the CNIPA formulated and released the Measures for the Protection of Geographical Indication Products, and the Regulations on the Registration and Management of Collective Trademarks and Certification Trademarks, further refining the legal framework for protecting geographical indications.

Actively promoting intellectual property exchanges and cooperation with the US. Efforts have been made to expand mutually beneficial and pragmatic cooperation with the US intellectual property authorities in various technical areas including intellectual property reviews, expert exchanges, and public awareness through mechanisms such as consultative work plans and the signing of MoUs. A proactive and open approach has been maintained in communication with American enterprises, with attentive consideration given to their opinions and suggestions regarding China's intellectual property system, and great coordination made to address their reasonable concerns about intellectual property in China.

Launching a stronger fight against cyber infringement. In September 2020, the Supreme People's Court issued the Decision on the Trial of Civil Intellectual Property Cases Involving E-commerce Platforms and the Reply to the Application of Laws on Cyber Intellectual Property Infringement Disputes, which provided provisions on the effectiveness of instant takedown, notice, and counter-notice. In November 2020, the NPC Standing Committee adopted the amendments to the Copyright Law, with additional provisions on civil assistance to copyright infringement. In August 2021, the State Administration for Market Regulation published the draft Decision on Revising the Electronic Commerce Law of the People's Republic of China to solicit public feedback, which carried articles related to the procedures for notice and takedown and relevant penalties.

Strengthening intellectual property-related law enforcement. In August 2020, the State Administration for Market Regulation and some other government departments issued the Decision on Strengthening the Destruction of Infringed and Counterfeit Goods, and the State Council revised the Provisions on Reference of Suspected Criminal Cases by Administrative Law-enforcement Bodies. Both documents required that administrative law-enforcement bodies transfer suspected criminal cases involving intellectual property rights to the public security bodies.

China has strengthened law enforcement against intellectual property infringement and counterfeit goods. In 2024, its market supervision departments launched special initiatives dedicated to intellectual property protection involving key fields, key products, and key markets. They investigated nearly 675,000 cases, including 43,900 cases of trademark infringement and counterfeit patent, and conducted about 88,000 law enforcement activities targeting key markets prone to frequent infringement and counterfeit goods. The General Administration of Customs of China has reinforced its

law enforcement on intellectual property protection, utilizing targeted campaigns to maintain a robust stance against infringements in import and export. In 2024, this resulted in the detention of 41,600 shipments suspected of intellectual property violations, totaling 81.6 million items.

2. China Has Prohibited Forced Technology Transfer

China opposes forced technology transfer in any form. It considers mutually beneficial cooperation to be a basic value in international technological cooperation, encourages and respects transfer and licensing of technology by Chinese and foreign enterprises on voluntary terms and under market principles, provides an enabling market environment for Chinese and foreign technology holders to receive benefits from transfer and licensing of technology, and provides support for global scientific and technological progress and international economic and trade development.

The US side has described it as "forced technology transfer" when foreign-invested ventures and Chinese enterprises contract voluntarily to seek technological cooperation and share commercial returns from the Chinese market. That does not tally with reality on the ground.

Imposing legal prohibitions on forced technology transfer. The Foreign Investment Law, promulgated in March 2019, states, "No administrative department or its staff member shall force any transfer of technology by administrative means." The Administrative License Law, promulgated with revisions in April 2019, states, "An administrative agency and its staff shall not directly or indirectly require transfer of technology in the process of issuance of an administrative license." The Regulations for the Implementation of the Foreign Investment Law, promulgated in December 2019, specifies that forced technology transfer in any form must be prohibited.

Strengthening confidentiality obligations for administrative departments and staff. Chinese laws have definite stipulations that administrative departments and their staff must keep confidential any business secrets of foreign investors or foreign-funded enterprises that they get to know while performing their duties.

The Foreign Investment Law states, "Administrative departments and their staff shall keep confidential any business secrets of foreign investors or foreign-funded enterprises that they get to know during the performance of their duties and shall not divulge or illegally provide to others the secrets." It also states that when a staff member of an administrative department "divulges or illegally provides to others any business secret he or she gets to know during the performance of duties, a penalty will be imposed upon him or her in accordance with the law; if a crime is constituted, he or she will be held criminally liable". Similar stipulations are found in the Administrative License Law.

Opening the market wider with greater investment access. China has continued to improve its market environment, granted foreign investment greater access, and offered greater options and freedom for foreign enterprises to invest in China, which has created favorable conditions for foreign enterprises to conduct technological cooperation with Chinese partners on a voluntary basis and under market principles.

China has introduced a management system based on pre-establishment national treatment and a negative list and replaced the old practice of case by case approval for the establishment and modification of foreign-invested businesses with the new practice of convenient and efficient information reporting. It has rolled out a series of measures to encourage foreign investment and improve the environment for foreign investment.

In 2024, the General Office of the CPC Central Committee and the General Office of the State Council issued the Decision on Improving the Market Access System, requiring coordination and alignment of policies on domestic and foreign investment access and granting national treatment while not reducing the access opportunities of existing business entities. China has refined the market access system, optimized the market access environment, and improved the efficiency of market access.

3. China Has Granted Greater Access to Food and Agricultural Products

Agricultural products constitute an important part of bilateral trade and involve extensive market entities on both sides. China honored the Agreement and increased its purchase of agricultural products despite the difficulties brought by Covid-19. In November 2020, the US government released a report, confirming that US exports of agricultural products to China had returned to normal. The 2020 evaluation report published by the US Department of Agriculture (USDA) and Office of the United States Trade Representative also hailed the Agreement as a historic step for American agriculture.

In line with the Agreement, since February 2020, China has removed import restrictions for specific US agricultural products, and conditionally resumed trade in US beef, poultry, and dairy products. In accordance with specified conditions, China has:

- conditionally lifted the ban on beef and beef products from cattle 30 months of age and older and allowed more than 600 US enterprises to export beef products to China;
- removed the import limits on US pet food containing ruminant ingredients, poultry, and poultry products and allowed the import of US pet food containing ruminant ingredients and poultry products that meet China's legal and regulatory requirements;
- allowed more than 300 US enterprises to export infant formula, pasteurized milk, and other dairy products to China;
- completed the approval process for US dairy permeate powder and allowed the import of US dairy permeate powder;
- permitted, through the signing of inspection and quarantine agreements, the import of eight US products - processing potatoes, avocados, nectarines, blueberries, barley, alfalfa pellets and hay blocks, almond kernel pellets, and timothy hay.

4. China Has Expanded Market Access to Financial Services

China's voluntary opening policies have benefited financial institutions from all countries including the US, and a number of US financial institutions have obtained access and commenced operations in China. JPMorgan and Goldman Sachs have established wholly foreign-funded securities companies in China, and Morgan Stanley has gained 94 percent of its joint-venture securities company in China. JPMorgan Futures and Morgan Stanley Futures are both wholly foreign-owned futures companies. BlackRock, Fidelity, Neuberger Berman, JPMorgan, Morgan Stanley, and Alliance Bernstein have been allowed to establish wholly foreign-owned fund management companies in China. Standard & Poor's, Fitch, and other international rating companies have commenced operations in China. American Express and MasterCard have both set up joint ventures in China, which started operation upon receiving their bank card clearing license.

China has so far adopted more than 50 measures on voluntary opening up of the financial sector and greatly eased the market access limits on foreign investment in financial services.

- Removing all equity shareholding limits on foreign investment. In 2018, China removed the foreign equity caps in Chinese-funded banks and financial asset management companies, giving equal treatment to domestic investment and foreign investment regarding equity shareholdings.

The Methods for Management of Foreign-funded Securities Companies, Methods for Management of Foreign-funded Futures Companies, and Methods for Management of Foreign-funded Insurance Companies have been amended, allowing as much as 51 percent ownership to foreign investment in the sectors of securities, fund management, futures, and life insurance, and no cap was set from the year 2020 on. Foreign investments are allowed to supply credit checking, credit rating, and payment services, and enjoy national treatment.

- Greatly expanding the business scope of foreign investment. Foreign banks are allowed to provide RMB business upon their inauguration in China. There is no separate limit on the business scope of foreign-funded securities companies and insurance agencies, with equal treatment for domestic and foreign companies. Foreign-funded enterprises are allowed to provide insurance agency and insurance appraisal services. The requirements for professional qualifications of foreign-funded agencies have been relaxed when they apply to become main underwriters of the debt financing instruments for non-financial enterprises and to provide fund custody services.

See page 7

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From page 6

– Relaxing the requirements for the qualifications of foreign shareholders. China has eliminated the previous requirements that foreign banks must have US\$10 billion of total assets if they are to open legal person banks in China and have US\$20 billion of total assets if they are to set up branches in China, and the requirements that foreign insurance agencies must have two years of representative office presence in China and 30 years of insurance business operations if they are to enter the Chinese market. It no longer demands that joint venture securities firms must have at least one securities company as their shareholder in China.

5. China Has Maintained Basic Stability in the RMB Exchange Rate at an Adaptive, Balanced Level

China safeguards multilateralism and respects multilateral consensus. It has honored its multilateral commitments and refrained from competitive devaluation. It has also honored the Agreement and put in place a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies.

Carrying out market-based exchange rate reform. China has constantly improved the market-based RMB exchange rate formation regime. China holds that the exchange rate should be mainly determined by market demand and supply, and refrains from routine intervention in foreign exchange.

It has expanded the exchange rate band in an orderly manner to increase the flexibility of the RMB exchange rate. The daily floating exchange range of RMB to US dollar in the inter-bank spot foreign exchange market gradually grew from 0.3 percent in 2007 to 2 percent.

It has worked to make the central parity rate regular and market-based. It takes the major participating banks in the foreign exchange market as the quoting banks, and gives full consideration to the closing price of the previous day in the inter-bank foreign exchange market before offering its quotation, to the demand and supply conditions in the foreign exchange market, and to the exchange rate movement of the major currencies.

Promoting the growth of the foreign exchange market. China has adopted a number of measures to facilitate the investment and financing of foreign-related enterprises and individuals in cross-border trade, provided more products in the foreign exchange market, increased participating entities in the market, advanced the opening of the foreign exchange market, and improved relevant infrastructure. A multi-tiered foreign exchange market with comprehensive functions is therefore taking shape, and the diverse foreign exchange needs of the market entities can be satisfied.

China's inter-bank foreign exchange market now has more than 40 tradable currencies, involving forwards, foreign exchange swaps, currency swaps, options, and other mainstream products in the international foreign exchange market. The inter-bank foreign exchange market reported a trading volume of US\$41.14 trillion in 2024. The foreign exchange market has more resilience, and the market players have greater adaptability to the two-way fluctuation in the RMB exchange rate. In 2024, the proportion of enterprises using forward exchanges, options, and other foreign exchange derivatives to hedge exchange rate risks reached 27 percent.

Maintaining a clear and transparent policy stance on the exchange rate. Through holding press conferences and releasing minutes of regular meetings of the monetary policy committee and the Implementation Report of the Monetary Policies, China has made public its monetary policy stance. It has followed good international practice and regularly publicized the balance sheet of its central bank, foreign exchange reserves, balance sheet of international receipts and payments, and international investment positions to increase the transparency of its exchange rate policy.

Making notable progress in market-based RMB exchange rate reform. The RMB exchange rate has become more market-based, the exchange rate has greater flexibility, and two-way fluctuation has become a norm. The RMB exchange rate has remained generally stable at an adaptive, balanced level, and China has kept a basic balance of international payment.

Since 2020, the China Foreign Exchange Trade System, which is responsible for measuring the exchange rate of the RMB to a basket of currencies, has reported an RMB exchange rate index of around 100, which is quite strong among the major currencies in the world and shows no competitive devaluation. The annual fluctuation of the RMB exchange rate remains at 3 percent to 4 percent, similar to the fluctuation changes of major global currencies. This plays a sound role of an automatic stabilizer to the macro economy and the international balance of payments. In 2024, China's current account surplus represented 2.2 percent of its GDP, which is within the range generally recognized as reasonable.

6. China Has Actively Expanded the Scale of Trade

China has proactively addressed issues in the implementation of the Agreement based on domestic market needs, commercial principles, and WTO rules. It supports Chinese enterprises in expanding imports from the US. The procurement obligations under the Agreement expired naturally at the end of 2021.

Exempting eligible US products from additional tariffs. On application from domestic enterprises, for a certain period China has exempted eligible US imports from additional tariffs imposed in response to US Section 301 measures, based on market and commercial principles. These measures have facilitated imports from the US for relevant enterprises. For instance, by incorporating oil, gas, and coal into the eligible commodity exemption application range, China has enabled companies to import these energy products from the US. In 2020 and 2021, China's imports of American energy-related products, denominated in US dollars, increased by 144.5 percent and 114.7 percent.

Making significant progress in expanding imports from the US. According to Chinese statistics, while China's overall imports of goods denominated in US dollars decreased by 0.6 percent year on year in 2020, imports from the US saw an increase of 10.1 percent. In 2021, imports of goods from the US rose by 31.9 percent year on year, outpacing the overall import growth of 30 percent. The proportion of US goods in China's total imports increased from 5.9 percent in 2019 to 6.7 percent in 2021. According to US statistics, while US overall exports of goods declined by 13.4 percent in 2020, exports to China grew by 15.9 percent. In 2021, exports of goods to China also achieved a strong growth rate of 21.9 percent. The proportion of US goods exports to China increased from 6.5 percent in 2019 to 8.6 percent in 2021.

China's performance of its obligations under the Agreement has encountered multiple obstacles caused by the US. Limited US production capacity hindered exports to China. In 2020, Boeing's aircraft production was only about 40 percent of its 2019 output, which significantly impacted deliveries to China. In 2019, adverse weather conditions during the growing and harvesting seasons in the US led to significant issues with excessive levels of ergot and vomitoxin in wheat. As a result, the quantity of wheat meeting Chinese food safety and quarantine standards was limited, which negatively impacted US wheat exports to China in 2020.

Inadequate infrastructure has contributed to elevated transport costs. For instance, most US ports in the Gulf of Mexico cannot directly accommodate very large crude carriers of 300,000 tonnes and need medium-sized oil tankers (100,000 to 200,000 tonnes) for transshipment and refueling. This results in US crude oil transport costs to China tripling those from the Middle East, weakening its international price competitiveness.

The limited competitiveness of certain US products in terms of price and safety reduced the willingness of China's enterprises to import them on a market-driven basis. US soybeans are at a price disadvantage compared to South American soybeans; US beef is significantly more expensive (roughly 50 percent higher than South American beef); US rice can hardly compete with Southeast Asian rice in terms of quality, appearance, taste, and price. In February 2020, the import price of US rice was about RMB3,000 higher than Thai rice per tonne, and RMB3,500 higher than Vietnamese rice per tonne. In another example, in 2018 and 2019, Boeing's main aircraft model, the 737 MAX, was involved in multiple major accidents. In response, most countries worldwide, including China and the US, grounded the aircraft model, dealing a significant blow to the aviation trade.

The US side has caused the disruption of China-US international logistics. Ports and other infrastructure in the US were already in a tight balance. With the impact of Covid-19, various supply chain links such as railways, ports and

container trucks struggled to adapt, leading to severe congestion at major US ports and blockages in the inland transport network, resulting in a significant buildup of goods. According to the global major container port operation data released by the Shanghai Shipping Exchange, in 2021, the average duration of container vessel port stays at the Ports of Los Angeles and Long Beach (including both anchorage dwell time and quay operations) was 11.1 days and 10.6 days, (compared with 4.3 days and 4.7 days before the pandemic), while the average duration at Shanghai Port and Shenzhen Port in China during the same period was only 2.96 days and 2.33 days.

7. China Has Maintained Pragmatic Communication with the US Regarding Agreement Issues

In 2020 and 2021, China maintained close communication with the US at all levels on bilateral economic and trade relations and specific issues regarding the implementation of the Agreement, and efficiently advanced implementation work, fully demonstrating China's commitment to fulfilling the Agreement. During this period, neither side initiated the dispute resolution mechanism. In accordance with the stipulations of the Agreement, in terms of high-level communication, six phone calls were conducted between China and the US to exchange views on macroeconomic issues, bilateral economic and trade relations, and multilateral and bilateral cooperation, with the aim of assessing the overall implementation of the Agreement. In terms of daily work, the two sides held five vice-ministerial quarterly meetings and 14 monthly meetings and consultations at the director-general level, dealing with implementation of the Agreement, particularly related to matters such as expanding trade, trade of food and agricultural products, intellectual property rights, and financial services. They also maintained regular communication through working-level talks and email exchanges to address issues of mutual concern.

In line with its provisions, the Agreement officially came into effect on February 15, 2020. Meanwhile, China provided a public comment period of over 45 days for all the proposed measures, fully accommodating both domestic and international feedback, and appropriately addressing the reasonable concerns and requests of all parties.

III. The US Side Has Failed to Meet Its Obligations Under the Phase One Economic and Trade Agreement

Since signing the Phase One Economic and Trade Agreement (hereinafter referred to as the Agreement), the US has systematically escalated economic and other forms of pressure against China, implementing a series of restrictive measures such as export controls and investment restrictions that repudiate the spirit of the Agreement. Concurrently, the US has promoted false narratives related to human rights, Hong Kong, Taiwan, Xinjiang and the pandemic. These actions have done serious damage to China-US ties as well as economic and trade relations, and disrupted normal trade and investment activities, and significantly undermined the conditions necessary for the implementation of the Agreement.

1. The US Has Failed to Implement Agreement Commitments on Technology Transfer

On technology transfer, the Agreement stipulated, "Neither Party shall require or pressure persons of the other Party to transfer technology to its persons in relation to acquisitions, joint ventures, or other investment transactions." The US adopted the Protecting Americans from Foreign Adversary Controlled Applications Act. Under the pretext of protecting US national security, the US has tried to force TikTok to sell off or divest its business. It has interfered with its normal operation and threatened the technological security and commercial interests of the investors. The US has disregarded and undermined the just and legitimate interests of enterprises and violated the basic principles of the market economy.

At the same time, in the name of protecting national security, the US has released rules to control outbound investment restricting US enterprises from investing abroad, which has obstructed investment cooperation between Chinese and US enterprises in semiconductors and microelectronics, quantum information technology, artificial intelligence (AI), and other fields. In February 2025, the US unveiled a Memorandum on America First Investment Policy and announced that it would adjust its investment policies, with the focus on further limiting two-way investment with China, which will create serious disruption to China-US investment cooperation.

2. The US Has Failed to Fully Implement Agreement Commitments on Trade in Food and Agricultural Products

The Agreement stipulated, "Within 30 days following receipt from China of a formal request for an evaluation of a region of China for avian disease free recognition and a completed information package to support such a request, the USDA's Animal and Plant Health Inspection Service shall initiate such an evaluation." However, the US side has refused to recognize Shandong's status as free from highly pathogenic avian influenza (HPAI), citing non-compliance with its own recognition requirements. On November 2, 2020, China submitted materials to the US to qualify Jiaodong Peninsula as a region free from HPAI. According to Chapter 10.4 of the World Organization for Animal Health (WOAH) Terrestrial Animal Health Code, a country or zone may demonstrate freedom from avian influenza through either immune-based strategies or non-immune measures. By August 2022, China's Shandong Province as a whole had become a region free of HPAI, with all development and management complying with the regulations in the Terrestrial Animal Health Code. Since then, China has conducted continuous monitoring including pathogenic monitoring that can prove that the province has remained free of avian disease.

China has also scrupulously honored the Agreement and recognized the US as avian disease free. It has eased the overall trade ban on US export of poultry and poultry products to China since the Covid-19 outbreak. But the US side has refused to conduct disease-free status certification on the grounds that a HPAI-vaccinated avian influenza free zone is not considered a disease-free zone. This constitutes a failure to reciprocally fulfill the Agreement and is also inconsistent with the WOAH principles regarding avian influenza-free status.

The Agreement stipulated, "The two sides intend to conduct technical consultations with each other on areas of potential cooperation related to pesticides for agricultural use. These consultations may include discussion of the Parties' pesticide registration data and pesticide trial data, and discussion on the setting of maximum residue levels." However, the US side has given no positive response to China's request for cooperation in this field.

China is the largest source of pesticide imports to the US, and the US is China's second-largest export market of pesticides. Realizing mutual recognition of pesticide registration data and pesticide trial data as early as possible will facilitate trade, reduce unnecessary repeated tests, and cut registration costs. It is the shared aspiration of pesticide producers in both countries, and it is favorable to innovation of pesticides in both countries.

China has maintained communication with the US in the hope of starting bilateral technical consultations in relation to pesticides as early as possible. Since December 2020, China has expressed, through the US Embassy in China, its hope that the US side will agree as soon as possible to build a mechanism with the Chinese side for communication and advancing cooperation on pesticides. But the US side has so far not given any reply.

In the Agreement, the US side agreed to complete as early as possible its regulatory notice process for the import of poultry, citrus, jujube, fragrant pear, and other agricultural products from China. However, the US side did not take reciprocal tariff exclusion measures for the agricultural products involved in the Agreement, hindering the substantive export of Chinese agricultural products to the US. Relevant products are not in the tariff exclusion list. In 2025, using the fentanyl issue as the pretext, the US decided to levy an additional 20 percent tariff on all Chinese products to be exported to the US, then a 34 percent "reciprocal tariff", and an additional 50 percent tariff, which would further limit the export of relevant products to the US.

After Chinese aquatic and dairy products for export to the US were detained by the US side, the General Administration of Customs of China has more than once requested the US Food and Drug Administration to clarify as soon as possible how these detentions would cease so that the two

sides could advance relevant work. But the US side has not put forward any concrete proposals in response.

3. The US Has Failed to Fully Implement Agreement Commitments on Financial Services and Exchange Rate Matters

In recent years, the US has generalized the concept of national security and adopted a series of measures to restrict China-related investment and financing, which has caused tension in bilateral economic and trade relations, interrupted normal bilateral cooperation, and seriously impaired the plans of Chinese financial institutions to invest and operate in the US. At the same time, some Chinese financial institutions have faced discriminatory treatment in the US. The US practice is in violation of the rules of fair competition.

According to the Agreement, if the two sides have a dispute over issues related to the exchange rate, the People's Bank of China and the US Department of the Treasury shall seek a resolution under the Bilateral Evaluation and Dispute Resolution Arrangement established through consultations. If they fail to resolve the dispute this way, they may request help from the IMF, consistent with its mandate. These articles provide sensible pathways for resolving disputes.

But after the Agreement was signed, the USDOC laid down new rules that included exchange rate undervaluation in anti-subsidy investigations and introduced "RMB exchange rate undervaluation" in the anti-subsidy cases of some products, which contravenes both WTO rules and the Agreement.

4. The US Has Failed to Provide Adequate Measures to Facilitate China's Efforts to Expand Procurement and Imports

Unjustifiable measures such as export controls and sanctions against China seriously affected the implementation of the Agreement. Since 2020, the US has violated the principles of the Agreement and introduced multiple unreasonable economic and trade restrictions against China, implemented a series of inappropriate export control measures, and repeatedly imposed unjustified sanctions against a large number of Chinese enterprises through the US Entity List. These actions have severely undermined China-US economic and trade relations, resulting in a negative impact on China's imports of goods and services from the US. For example, in October 2022, the US introduced measures to comprehensively upgrade export controls on chips and semiconductors to China. As a result, China's imports of semiconductors and semiconductor manufacturing equipment from the US (denominated in US dollars) decreased by 23 percent and 17.9 percent in that year. The US fabricated the "forced labor" issue and adopted the Uyghur Forced Labor Prevention Act, smearing and defaming Chinese enterprises and products, restricting the import of cotton products from China, which indirectly affected Chinese enterprises' imports of cotton from the US.

Considering the ongoing US efforts to contain and suppress China in recent years, coupled with the detrimental impact of the Covid-19 pandemic on the global economy and trade activities, China would have been justified in withdrawing from the Agreement pursuant to the fourth item of the Article 7.4 by providing written notice to the US. China might also, pursuant to the first item of the Article 7.6, have initiated consultations on the force majeure clause with the US side. However, with the goal of preserving order in China-US ties and China-US economic and trade relations, and safeguarding the vital interests of enterprises and the people in both countries, China has not initiated any actions. Instead, it has demonstrated its sincerity by honoring its commitments and overcoming various difficulties to fulfill the Agreement arrangements. Since the Agreement was signed, the US has not to date initiated any dispute settlement proceedings against China.

IV. China Upholds the Principle of Free Trade and Strictly Complies with WTO Rules

Since joining the WTO in 2001, China has played an active role in economic globalization, launching a new phase in its reform and opening-up efforts. Committed to the principle of free trade, China has made its trade policies more stable, transparent, and predictable, substantially opened its markets, and made a positive contribution to upholding the effectiveness and authority of the multilateral trading system.

1. China Has Comprehensively Strengthened Trade Policy Compliance

Since joining the WTO, China has fully honored its accession commitments, abided by and implemented WTO rules, strengthened its rule-based market economy laws and regulations, and established a legal framework aligned with multilateral trade principles. Following its accession, China launched major efforts to review and revise over 2,300 laws, regulations and departmental rules at central government level, and over 190,000 local regulations at sub-central government levels. These efforts spanned key areas such as trade, investment, and intellectual property protection, among others.

To implement the requirements of the Third Plenary Session of the 18th CPC Central Committee in 2013 on adhering to the rules of the world trading system and building new systems for an open economy, the General Office of the State Council issued an official document on furthering trade policy compliance with WTO rules in 2014, and the MOFCOM issued the Measures for the Implementation of the Compliance Work of Trade Policies (Trial), requiring governments at all levels to conduct compliance assessments in accordance with WTO agreements and China's accession commitments when formulating trade policies. The Third Plenary Session of the 20th CPC Central Committee proposed in 2024 to establish compliance mechanisms that are aligned with prevailing international rules, and optimize the environment for opening up and cooperation.

In March 2025, the General Office of the State Council issued the Guideline on Further Strengthening Trade Policy Compliance, which suggested that compliance assessment should be a compulsory precondition for the release of trade policies. In the process of decision-making on trade policies, the State Council departments, the people's governments at the county level and above, and the relevant departments should adhere to the principle of "who formulates, who evaluates", conducting compliance assessment of the trade policies, to ensure that they comply with the WTO rules and China's accession commitments.

2. China Has Rigorously Fulfilled the Commitments on Tax Reduction upon Accession to the WTO

Upon acceding to the WTO, China made extensive and substantial tariff reduction commitments. The Chinese government has honored its commitments, and all the tariff reduction commitments for goods were fulfilled by 2010. The overall tariff level has been reduced from 15.3 percent in 2001 to 9.8 percent. In terms of WTO-bound tariff rates, China's overall tariff level is approaching the average bound tariff rate of developed members (9.4 percent).

China pursues an opening-up strategy that emphasizes mutual benefit and win-win outcomes. In recent years, it has actively expanded imports and taken repeated and substantial steps to reduce import tariff rates at its own initiative. In July 2023, with the eighth reduction in tariffs on products under the expanded Information Technology Agreement, China's overall tariff level saw a further drop to 7.3 percent. In 2024, China further announced that it would grant zero-tariff treatment for 100 percent tariff lines to all the least developed countries that have diplomatic relations with China. This fully demonstrates China's firm commitment to promoting opening up and integrating into the global economy. China's comparatively low tariff levels create extensive market opportunities for high-quality global products, while providing a diverse range of choices for domestic consumers. Moreover, these efforts contribute to the development of global industrial and supply chains while driving progress in trade and investment liberalization as well as economic globalization.

3. China Has Provided Subsidies Within a Reasonable Range in Compliance with WTO Rules

Subsidies are significant policy instruments for developing members to advance the United Nations' Sustainable Development Goals and achieve the WTO's overarching objectives of fostering inclusive development and improving living standards. A joint report released by the WTO Secretariat and other international institutions in April 2022 pointed out that subsidies are common in all sectors, used by countries at all stages of development.

See page 8

DOCUMENT

From page 7

Upon joining the WTO, China pledged to refrain from maintaining or granting export subsidies for agricultural products and made commitments regarding agricultural domestic support and industrial subsidies that surpass those of the average developing members. Since its accession, China has strictly adhered to all WTO subsidy discipline and promptly submitted subsidy notifications to the WTO. In June 2023, China submitted the 2021-2022 subsidy policy notification, involving 69 central and 385 local government subsidy policies, covering all provincial-level administrative regions. In July 2024, China submitted its notifications regarding domestic support for agriculture for the year 2022, aligning its notification year with those of major developed members such as the US (market year 2022/2023) and the EU (market year 2021/2022).

China is committed to establishing and improving a fiscal subsidy system in line with international practice, and promoting the transformation of industrial policies from differentiated and selective to inclusive and functional. The Chinese government prioritizes market-oriented and indirect guiding measures, such as public services, technical standards, and skills training to support areas of market failure, including technological research and innovation, the development of small and medium-sized enterprises, green energy efficiency, and the establishment of public service systems. By offering inclusive support across industries, these measures aim to stimulate the vitality of market entities, promote fair competition, and reinforce the socialist market economy system. For instance, it implements preferential policies in personal income tax, corporate income tax, resource tax, property tax, and urban land use tax for eligible self-employed businesses and small enterprises with slim profit margins.

To better leverage the role of subsidies in promoting development, China is open to discussions on industrial subsidies within the framework of the WTO. However, such discussions should define their focus, objectives, format, and boundaries in order to prevent them from devolving into sweeping discussions on state intervention or industrial policy, and, most importantly, to ensure they respect the economic systems and development paradigms of member states.

Some persons have accused China of abusing its "overcapacity", asserting that macroeconomic imbalances and "non-market economic behaviors" such as subsidies have resulted in "overcapacity" in China, thereby disrupting international markets and undermining employment and supply chain resilience in other countries. China maintains that such accusations are both unreasonable and factually incorrect. From the perspective of market economy principles, supply and demand are fundamental and intrinsically linked components of market dynamics. While equilibrium between supply and demand is a transient and relative state, disequilibrium is pervasive and dynamic. International trade emerges and progresses based on the comparative advantages of countries, fostering international specialization and cooperation and thereby increasing global economic efficiency and benefits. The imposition of restrictions on Chinese goods exports and investment cooperation, citing "overcapacity" and other pretexts, constitutes overt trade protectionism. This artificial intervention and fragmentation of the global market will inevitably destabilize global industrial and supply chains, leading to redundant development and genuine overcapacity. The employment of restrictive measures predicated on unsubstantiated allegations and labeling will only impede cooperation, and it will ultimately prove ineffectual.

4. China Has Continued to Improve the Business Environment

The Third Plenary Session of the 20th CPC Central Committee emphasized that the market plays the decisive role in resource allocation and the government better fulfills its role, that economic entities under all forms of ownership have equal access to factors of production as required by law, that they compete in the market on an equal footing, that they are protected by the law as equals, thus enabling them to complement each other and develop side by side, and that the regulations and practices impeding the development of a unified national market and fair competition will be reviewed and abolished. The Chinese government has aligned itself with international rules through a series of systematic reforms and progressively optimized the business environment, providing a more transparent, fair, and predictable environment for global enterprises.

Continuously expanding access for foreign investment. In July 2017, the negative list management system for foreign investment was implemented nationwide. In 2019, the Foreign Investment Law was enacted, introducing a system of pre-establishment national treatment plus negative list for foreign investment. This legislation formally established the principle of "equal treatment for domestic and foreign investment", prohibited forced technology transfer, and strengthened intellectual property protection, providing legal certainty for foreign-funded enterprises. To attract more foreign investment, China has further improved the business environment by ensuring foreign-funded enterprises' participation in government procurement activities, supporting their equal involvement in the formation of standards, and granting them equal access to support policies, to provide a further boost to foreign investment confidence. From 2017 to 2024, China reduced the number of items on the national negative list for foreign investment from 93 to 29, and all restrictions on foreign investment in the manufacturing sector were lifted. In 2024, China launched more pilot programs to expand opening up in the value-added telecommunications and medical sectors, further expanding foreign investment access to the service industry. The Action Plan for Stabilizing Foreign Investment came into effect in 2025, sending a strong signal of further opening up. Meanwhile, efforts were actively made to promote foreign investment and effectively address the concerns of foreign-funded enterprises.

Fostering a level playing field in the market. In 2022, China released the Guideline on Accelerating the Construction of a Unified National Market, explicitly requiring the comprehensive removal of preferential policies that discriminate against foreign-funded enterprises and enterprises from other regions, as well as those that enforce local protectionism. In June 2024, the State Council released the Regulations on Fair Competition Review, stipulating that policy measures shall not contain provisions affecting production and operational costs without prior authorization, which includes the prohibition of granting to specific operators tax preferences, special fiscal rewards or subsidies, or preferential treatment in terms of factor acquisition, administrative and public service charges, government-managed funds, and social insurance fees. The Chinese government is working on the cleanup of relevant preferential policies, such as special fiscal rewards or subsidies, while accelerating the establishment of a system aligned with international rules to promote high-quality economic and social development.

Treating domestic and foreign-funded enterprises equally in taxation. In recent years, China has implemented orderly reforms of its tax system. It has optimized the tax structure and accelerated the implementation of the principle of statutory taxation, with the aim of capitalizing on taxation's crucial role in boosting high-quality development and promoting social fairness and justice.

- Equal treatment for domestic and foreign-funded companies in tax policy. Regardless of ownership type, all enterprises within China's territory now operate under the same tax laws and tax rates. Meanwhile, eligible foreign-invested companies and projects can all enjoy tax incentive policies in accordance with relevant regulations.

- Equal treatment for domestic and imported goods. China imposes tariffs on imported goods in accordance with relevant WTO rules as well as domestic laws and regulations. In addition, as a move to embody the principle of tax fairness, imported goods are subject to value-added tax (VAT), and consumption tax is imposed on specific consumer goods. However, VAT can be credited in subsequent transactions, with the tax burden being passed down the supply chains. For domestically produced goods, VAT is levied at production, circulation, and other stages, while consumption tax applies to certain goods at the specific stage of production and circulation. Both the scope of taxation and applicable tax rates are entirely consistent for imported and domestic goods, ensuring no discriminatory treatment.

Many economies, including China, Japan, the ROK, and the EU, implement a turnover tax system and levy VAT or consumption tax at the import stage. This practice is a conventional approach widely implemented in many countries, which aligns with both taxation principles and international norms. In contrast to economies with turnover taxes, the US employs a direct tax system such as sales tax, which is imposed directly on end consumers rather than importers. This distinction stems from the contrasting tax systems of different countries, and VAT or consumption tax should not be misinterpreted as an additional "discriminatory" or "extraterritorial" tax on imported goods imposed by econo-

mies with a turnover tax system such as China, Japan, the ROK, the EU, and others. Therefore, there are no grounds for the US to cite such distinctions as justification for imposing additional tariffs on imports from such countries.

- Equal treatment for Chinese and foreign nationals in terms of individual income tax. It is a common international practice for a country to levy individual income tax on foreign nationals working within its territory. According to China's individual income tax law, resident individuals are required to pay tax on their income earned from both within and outside China, while non-resident individuals only need to pay tax on their income earned within China. Regardless of nationality, the distinction between resident and non-resident individuals is whether they have a residence in China or whether they have resided in China for 183 days or more in a tax year. Meanwhile, foreign nationals working in China can enjoy preferential policies, such as tax-exempt fringe benefits.

Actively promoting the development of digital trade. China has established 12 national digital service export bases nationwide, and introduced policies and measures to support the innovative development of these bases. Since 2015, China has set up 165 cross-border e-commerce comprehensive pilot zones in 31 provincial-level administrative units, achieving integrated development of industrial digitalization and trade digitalization. In addition, China upholds law-based cyberspace governance and welcomes international internet companies to develop in China, provided they comply with China's laws and regulations and offer secure, reliable products and services.

In 2024, China issued the Guideline on the Reform and Innovative Development of Digital Trade, further advancing institutional opening up in digital trade. Key measures include relaxing market access in the digital sector, facilitating and regulating cross-border flows of data, and building platforms for the high-standard opening up of digital trade.

Regarding data cross-border transfer, China, in 2024, based on the realities of cross-border data transfer security management, issued the Provisions on Facilitating and Regulating Cross-border Data Flow, which further optimizes the regulatory environment for cross-border data flows while authorizing pilot free trade zones around the country to formulate their own negative lists for cross-border data flows. The pilot free trade zones in Tianjin, Shanghai and Beijing have taken the lead in piloting the formulation of negative lists for cross-border data flows, which clarifies the boundaries of restricted data, reduces corporate compliance costs, and strengthens policy predictability.

V. Unilateralism and Protectionism Undermine China-US Economic and Trade Relations

As a key builder and participant of the international economic order and multilateral trading regime after World War II, the US should take the lead in observing multilateral trade rules and properly handle trade friction with other WTO members through the dispute settlement mechanism within the WTO framework. However, in recent years, the US has resorted to unilateralism and economic hegemony, adopted approaches of "small yard, high fence" and decoupling and severing supply chains, and provoked international trade friction around the world. This has not only undermined the interests of China and other WTO members, but also jeopardized the international reputation of the US itself. And above all, the US has shaken the foundations of the global multilateral trading regime, which will ultimately damage the long-term interests of the US.

1. Rescinding China's Permanent Normal Trade Relations (PNTR) Status Undermines the Foundation of China-US Economic and Trade Relations

In April 2025, the White House issued the Report on the America First Trade Policy Executive Summary, which carefully reviewed legislative proposals related to China's PNTR status and advised the president accordingly. The PNTR status, or granting the Most Favored Nation (MFN) treatment permanently, is the ballast of China-US economic and trade relations. The US push to revoke China's PNTR status represents a clear instance of unilateralism and trade protectionist practices, which violates WTO rules and undermines China-US relations and the global economic order.

Revocation of China's MFN status violates WTO rules. The relevant WTO rules require its members to unconditionally grant MFN treatment to all other WTO members, a requirement that has binding legal force. In 2018, based on its domestic laws, the US government unilaterally announced the imposition of Section 301 tariffs on certain Chinese products. Subsequently, it adopted a series of strict unilateral restrictive measures against China in areas such as investment and technology exports. Such practices violate the WTO's MFN principle. Among these, the imposition of Section 301 tariffs has been ruled to contravene relevant rules by the WTO dispute settlement panel. Any move to revoke China's MFN status, whether through legislation by the US Congress or based on any existing domestic laws, directly violates US obligations under the WTO, which is a clear manifestation of unilateralism and trade protectionism.

Revocation of China's MFN status undermines China-US economic and trade relations and destabilizes the global economic order. Over the past two decades, PNTR has served as the stabilizer for China-US economic and trade relations, and has played a far-reaching, positive role in promoting economic exchanges not only between the two countries but even in global economic growth. Revoking China's PNTR status will bring China-US economic and trade relations back to the uncertainty and unpredictability that preceded China's accession to the WTO in 2001. Even worse, it may lead to economic decoupling between the two countries. The revocation of MFN status will significantly worsen China-US economic and trade environment. Economic and trade sectors such as trade in services, intellectual property protection, two-way investment, technology export controls, and exchange of personnel will also be affected. Moreover, the action of repealing the MFN treatment of a WTO member will fundamentally undermine the WTO's MFN principle and destabilize the multilateral trading system that has non-discrimination as the cornerstone, thereby causing serious damage to the multilateral trading regime and the global economic order.

China opposes any unilateralist and protectionist acts that sabotage the multilateral trading system. The multilateral trading system, with the WTO at its core, is the cornerstone of international trade and one of the important outcomes of human progress. MFN treatment is a basic principle within this system. China has always firmly supported and upheld the multilateral trading regime. Both history and reality have shown that the rules-based multilateral trading system meets the common interests of all countries, while unilateralism and protectionism undermine global industrial, supply, and value chains, and threaten the stability and development of the global economy. China has consistently opposed any unilateralist or protectionist action that could sabotage the multilateral trading system. It is hoped that the US will be clearly aware of the possible harm caused by its attempt to revoke China's MFN status, and work constructively with the overwhelming majority of WTO members in safeguarding a fair and reasonable global economic and trade order and environment.

2. US Generalization of the Concept of National Security Hinders China-US Economic and Trade Cooperation

The US government continues to politicize economic issues on the grounds of national security. It has introduced a variety of policies and measures to hinder economic and trade exchanges with China, with restrictions and sanctions constantly intensifying. The annual Member Survey report on China's business environment released by the US-China Business Council in September 2024 indicates that the United States' export controls, sanctions, and investment reviews targeting China have become one of the key challenges facing American companies in China.

In terms of trade, the US side claims that the persistent trade deficit poses a serious threat to its economic and national security. It repeatedly augmented restrictions by employing multiple unilateral measures such as export controls, expanded sanctions and denying market access of China's integrated circuits and telecommunications companies, citing national security as the excuse. In January 2025, the USDOC issued a final rule on Securing the Information and Communications Technology and Services Supply Chain: Connected Vehicles, which targets China's connected vehicles as well as related software and hardware as "unsafe" and restricts their entry into the US market. That same month, the USDOC announced the launch of a national security risk investigation into the information and communication technology

and services of unmanned aerial systems from China and other countries. The US side announced that it would expand the scope of investigation on information and communications technology and services to encompass the advanced technologies controlled by "foreign adversaries".

In terms of investment, the US issued the Foreign Investment Risk Review Modernization Act and established supporting administrative mechanisms, which expanded the authority of the Committee on Foreign Investment in the US and restricted Chinese investments in sectors such as critical technologies, key infrastructure, and sensitive data in the US. In January 2025, the final regulations restricting US outbound investments took effect, which comprehensively restrict US funds and companies from investing in China's semiconductor and microelectronics, quantum information technology, and AI sectors. In February, the US issued a Memorandum on America First Investment Policy, proposing to expand the scope of US outbound investment restrictions from these sectors to include biotechnology, hypersonics, aerospace, advanced manufacturing, and directed energy, among others. In addition, it calls for tighter restrictions on Chinese investments in US "strategic industries".

The series of trade and investment restrictions implemented by the US not only increases compliance costs for enterprises and severely hinders normal China-US economic and trade cooperation, but also affects the stability of global industrial and supply chains and seriously undermines the international economic and trade order.

3. US Abuse of Export Controls Destabilizes Global Supply Chains

In recent years, the US has generalized the concept of national security, exercised excessive long-arm jurisdiction, and continued to politicize, weaponize, and instrumentalize export controls, imposing sanctions and suppressive measures on various industries and enterprises of other countries. Such practices have severely obstructed normal economic and trade exchanges worldwide and disrupted the stability of global industrial and supply chains.

The US suppresses other countries in the name of national security and human rights. Since 2022, the US has updated its export controls on China's semiconductor and AI sectors in multiple instances under the pretext of national security, expanding restrictions from integrated circuits to manufacturing, outsourcing, and software - almost covering the entire semiconductor industrial chain. By implementing discriminatory export controls on AI models and integrated circuits that provide underlying computing power support, the US is, in essence, creating a tiered structure within the realm of AI, favoring certain entities while depriving the vast number of developing countries, including China, the right to achieve technological advancement.

In recent years, the US has placed a number of Chinese entities on the Uygur Forced Labor Prevention Act Entity List under the pretext that they are engaged in "forced labor", and has continuously imposed export controls on Chinese entities under the pretext of human rights. In fact, the enterprises subjected to sanction do not have any issue of "forced labor" - some have fully realized automated production, and others have undergone auditing and inspection by third-party institutions, with no evidence of "forced labor" being identified. Unjust US sanctions have had severe consequences for Chinese enterprises affected, such as supply chain disruptions, fund shortages, and loss of partners, substantially infringing on their legitimate rights and interests.

The US abuses export controls in the unjustified sanctioning of Chinese entities. For a long time, the US has implemented strict export control policies against China, and has suppressed Chinese entities using "blacklists" as tools under the pretext of issues related to Russia, Iran, terrorism, and narcotics. Sanctioned Chinese entities face difficulties such as supply chain disruption and technological cooperation blockage.

In recent years, US sanctions against China have grown significantly in both frequency and intensity. Research by a US think tank revealed that US sanction lists lack transparency and fairness. For instance, the addition of entities to the Entity List for export controls is based on confidential information and lacks transparency; the criteria for addition are opaque and lack clear definitions; the threshold for removal is extremely high, making it difficult for entities on the list to move out through judicial proceedings.

The US measures are counterproductive and detrimental, disrupting the stability of global industrial and supply chains. The US abuses long-arm jurisdiction and deliberately erects barriers and breaks chains through the De Minimis Rules and Foreign-Direct Product (FDP) Rules, in violation of economic laws and market rules. Such practices create huge uncertainty in bilateral industrial cooperation, severely undermine the international trade order, and threaten the security and stability of global industrial and supply chains.

For example, the regulations regarding semiconductors issued by the US government on October 17, 2023 adopted the De Minimis Rules for the first time, according to which the export of specific lithography equipment containing any American components to China requires a permit from the US government. The semiconductor export control measures released by the US on December 2, 2024 imposed restrictions on 24 types of semiconductor equipment, and introduced the FDP Rules mandating that semiconductor manufacturing equipment produced in other countries that contain specific American components must also obtain a license from the US before being exported to China. The purpose is to prevent American semiconductor equipment from entering the Chinese market and prohibit similar products from other countries as well. US chip giant Nvidia commented that these new regulations actually threaten global innovation and economic growth and have caused it to lose market share in China and thus its competitiveness. A survey by the Federal Reserve Bank of New York indicates that various US sanctions against China have caused American companies to lose approximately US\$130 billion in market value.

4. Section 301 Tariff Measures Are a Prime Example of Unilateralism

The US Section 301 tariff measures are a classic example of unilateralism and protectionism. They seriously damage global trade order and the security and stability of global industrial and supply chains, fail to solve its problems such as the trade deficit and lack of industrial competitiveness, and increase the prices of imported products in the US to the detriment of US enterprises and consumers. In a recent development, rather than suspending its current Section 301 investigation, the US has been continuing down this misguided path by proposing a new Section 301 investigation into what it alleges are non-market policies and practices in China.

Section 301 tariffs are inconsistent with multilateral trade rules. They seriously violate the most fundamental and core rules of the WTO, including the MFN treatment and bound tariff rates. In April 2018, China brought a case regarding US tariff measures to the WTO dispute settlement mechanism. On September 15, 2020, a panel of WTO experts ruled that the US tariffs imposed on certain Chinese products violated the MFN obligation under Article I of the General Agreement on Tariffs and Trade 1994. This ruling fully supported China's claims. The US filed an appeal on October 26, 2020. However, due to US obstruction, the WTO Appellate Body has been paralyzed, leaving the case in a state of pending appeal.

Section 301 tariffs are unable to resolve US trade deficit. Since 2018, the US has imposed Section 301 tariffs on Chinese products for seven consecutive years. During this period, the overall US trade deficit has not decreased; instead, it surged from US\$950.2 billion in 2018 to more than US\$1.2 trillion in 2024.

The US hopes to reduce its trade dependence on China and diversify its import sources through imposing additional tariffs. The fact that China is one of the US's largest sources of imports is not necessarily detrimental to the latter. During the Covid-19 pandemic, China exported huge amounts of personal protective equipment to the US, significantly supporting the country's fight against the pandemic. Many tariff-exempt measures for these pandemic prevention products have continued to this day.

Section 301 tariffs severely impair the competitiveness of American businesses and consumer welfare. They have resulted in a significant rise in the prices of the US taxable goods, with most of the additional costs borne by American importers, wholesalers, retailers, and consumers. In March 2023, the United States International Trade Commission released a report titled Economic Impact of Section 232 and 301 Tariffs on US Industries, which shows that almost all additional costs arising from US tariff measures against China are borne by American importers.

See page 9

DOCUMENT

From page 8

5. The US Section 232 Investigations Contravene Multilateral Economic and Trade Rules

Since 2017, the US side has frequently initiated Section 232 investigations as a weapon of trade protectionism to exert pressure on others in negotiations. From 2017 to 2021, it conducted eight Section 232 investigations against products including steel and aluminum, automobiles and auto parts, and mobile cranes. Such investigations had never been more frequent, and the range of products targeted had never been wider.

In April 2017, the USDOC announced Section 232 investigations against steel and aluminum imports. In March 2018, the US announced 25 percent tariffs on steel and 10 percent tariffs on aluminum, citing national security reasons. During the investigations, the US Department of Defense wrote to the USDOC, stating that steel and aluminum imports were not having a detrimental effect on the department's procurement of steel and aluminum products that meet national defense needs.

It is self-evident that the purpose of Section 232 measures against steel and aluminum is to impose pressure on others in negotiations, and not to address US national security problems. In the renegotiation of the North America Free Trade Agreement, the US lifted the tariffs on the steel and aluminum products of Canada and Mexico only after it was given what it wanted. In the renegotiation of US-ROK Free Trade Agreement, the US changed its Section 232 measures against the steel and aluminum products of the ROK from tariffs to tariff quotas only after the ROK made a compromise on trade in automobiles. In negotiations with the EU, the US changed its Section 232 measures against EU steel and aluminum products from tariffs to tariff quotas only after the EU agreed to drop its restrictive measures on US products and join with the US in opposing what it claims is "non-market economy behavior".

The US Section 232 investigations abuse the concept of national security to justify trade restrictions and put pressure on others in negotiations, which damages the legitimate rights and interests of other countries and regions, breaches US international obligations, and undermines the multilateral trading system. Several WTO members including China and the EU have litigated through the WTO dispute settlement mechanism over the restrictive US measures on steel and aluminum imports. In the dispute settlement procedures, the WTO expert panel ruled clearly that these measures violated the core obligations that must be observed by WTO members, including the MFN treatment and tariff binding stipulated respectively in Article I and Article 2 of the General Agreement on Tariffs and Trade 1994.

On February 10, 2025, the US announced the resumption of Section 232 measures on imported steel and aluminum, increased tariff rates on aluminum products, and cancelled tariff exclusions for relevant countries. On March 10, 2025, the US initiated Section 232 investigations against imported copper and then timber. According to the Report on the America First Trade Policy Executive Summary, the US side identified additional products and sectors that merit consideration for initiation of new Section 232 investigations, including pharmaceuticals, semiconductors, and certain critical minerals.

6. US Abuse of Trade Remedy Measures Increases Uncertainty in Trade

The Memorandum on America First Trade Policy specifically requests the USDOC to review the application of anti-dumping and anti-subsidy policies and regulations, including those related to transnational subsidies and "zeroing" [In the process of calculating dumping (normal value minus export price), only positive differences are taken, and all negative differences are regarded as zero and cannot offset the positive differences. Compared with normal calculation methods, "zeroing" tends to substantially increase apparent evidence of dumping, resulting in higher dumping margins and anti-dumping duty rates.]. Transnational subsidy investigations and "zeroing" clearly violate WTO rules. Applying these to anti-dumping and anti-subsidy investigations will artificially exaggerate the dumping or subsidy margin of the products exported to the US, disturb the normal global trade order and economic and trade cooperation, and damage the interests of all parties concerned, including the US itself and its own enterprises and consumers.

The investigations on transnational subsidies violate relevant rules. Over a long period of time, the US acknowledged the basic principle that the Agreement on Subsidies and Countervailing Measures (also known as SCM Agreement) of the WTO does not apply to transnational subsidies and minimized the use of transnational subsidy investigations. The US Code of Federal Regulations stipulates that a subsidy shall not be deemed to exist if it is provided by a government of a country other than the country in which the recipient firm is located, or by an international lending or development institution, unless there is an individual statutory exception. In April 2024, the USDOC amended its anti-dumping and countervailing duty regulations, repealed this stipulation, and began to allow investigating transnational subsidies. Since then, the USDOC has initiated investigations against transnational subsidies in multiple anti-subsidy cases.

This regulation amendment and these investigations clearly contravene relevant WTO rules. The SCM Agreement specifies that a subsidy is a financial contribution by a government or any public body "within the territory of a Member" and that a specific subsidy is one that is specific to an enterprise or industry or group of enterprises or industries within the jurisdiction of the granting authority in Article 2. These all show that the granting authority and the recipient shall be within the same jurisdiction. The SCM Agreement clearly specifies that "The recipient firm is a firm in the territory of the subsidizing Member". Therefore, according to the SCM Agreement, anti-subsidy investigations can only be initiated on a subsidy provided by a WTO member to an enterprise in its territory.

The amendment to the regulation and the subsequent investigations also contravene US law. The Smoot-Hawley Tariff Act of 1930 stipulates that a subsidy is granted by a government or public body of a country within its territory to an enterprise or industry within the jurisdiction of the granting authority. Therefore, the USDOC's regulation amendment, investigations, and rulings are without legal basis and unauthorized according to US domestic laws.

The abuse of "zeroing" artificially expands dumping margins. Over the years, the practice of "zeroing" has been treated with skepticism and criticized widely for exaggerating dumping margins. By February 7, 2025, the WTO dispute settlement mechanism had received 27 cases concerning the legality of "zeroing", among which two early cases targeted the EU and 25 targeted the US. The US has been ruled in violation of relevant WTO rules in all cases completed to date. On the one hand, the US has refused to refrain from "zeroing". On the other hand, it has been gradually adjusting the practice of "zeroing" under the pressure of constant legal setbacks. But the US still takes advantage of the ambiguity in the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (Anti-dumping Agreement) and insists on applying "zeroing" in cases where it considers "targeted dumping" exists.

If, after reviewing its policies and regulations as requested by the Memorandum on America First Trade Policy, the US revives the practice of "zeroing" under non-targeted dumping circumstances, it will contravene WTO rules and blatantly violate the WTO dispute settlement mechanism's rulings in numerous cases over the past two decades. The revival and expansion of "zeroing" will create artificial dumping or increase dumping margins, thus imposing unfair, hefty anti-dumping duties on products exported to the US by other WTO members, and damaging the interests of the members and their enterprises.

7. US Use of Fentanyl as a Pretext to Impose Restrictive Economic and Trade Measures on China Is Not Helping to Solve Problems

In February and March 2025, citing fentanyl-related concerns, the US side increased tariffs across the board on Chinese products exported to the US twice and threatened to cancel the duty-free de minimis treatment. On April 2, the US side announced the end of duty-free de minimis treatment for covered goods from China starting May 2, 2025. These measures are groundless and will not help solve internal problems in the US. Instead, they will damage China-US economic and trade cooperation and destabilize global trade.

The US accusations against China have no factual basis. In terms of counternarcotics, China's policies and their implementation rank among the toughest in the world. China has enumerated fentanyl-related medica-

tions in the List of Controlled Narcotic Drugs and exercises strict control in terms of their manufacturing, sale, use, and export. To date, no cases of fentanyl-related medications disappearing in manufacturing or circulation have been detected in China. The National Medical Products Administration implements a permit system for the export of fentanyl-related medications. Based on strict examination and approval, it verifies with and obtains confirmation of legality of the transaction from the competent authorities of the importing country for each exported shipment of narcotic drugs before issuing a permit for export.

In 2023, China exported 9,766 kilograms of fentanyl-related medications, mainly to Asian countries including the ROK, Vietnam, Malaysia, and the Philippines, Latin American countries including Chile, Panama, Colombia, and Paraguay, and European countries including Poland, Germany, and France. China has never exported any type of fentanyl-related medications in any form to North America.

China and the US have conducted extensive, in-depth cooperation in counternarcotics and achieved significant progress. On April 1, 2019, in the spirit of humanity and on the request of the US side, China issued a statement announcing full control of fentanyl-related substances that came into effect from May 1, 2019, even though there is no evidence of widespread abuse of fentanyl-related substances in China. This made China the first country in the world to implement full and permanent control of fentanyl-related substances. The Ministry of Public Security of China subsequently launched special campaigns for the next three years to combat the illegal manufacturing and trafficking of fentanyl-related substances and other new drugs. Since implementing full control of fentanyl-related substances, China has not received any notification from the US that fentanyl-related substances from China have been detected.

The US concerns about duty-free de minimis treatment are not necessary. The US side claims that duty-free de minimis treatment and its corresponding convenient customs clearance arrangements could damage its domestic industries, and cause problems such as fiscal losses and lack of supervision over merchandise quality and safety. This concern has no practical basis. First, duty-free de minimis treatment has limited impact on the domestic market. Consumers' purchase of personal products from abroad is a helpful supplement to individual consumption. In recent years, global imports of retail packages have been increasing rapidly. However, the overall scale is far from dominant, representing a small share of total world trade and total retail sales. Second, applying duty-free de minimis treatment can reduce administrative costs - customs can pool more resources in the supervision of high-value products and high-risk goods, reinforcing the overall effectiveness of supervision. Eliminating duty-free de minimis treatment will add significant costs in checking and taxing low-value packages one by one, in supervision, in logistics and in customs clearance. Third, the quality and safety of products in low-value packages is guaranteed. Most Chinese cross-border e-commerce platforms allow no-fault return of goods within a minimum of 30 days of purchase. Within the time limit, consumers can return an item for a refund without giving reasons, or even get a refund without having to return the product. These provisions not only protect consumers' rights and interests, but also incentivize cross-border e-commerce merchants to ensure product quality. Fourth, high-risk products are effectively managed and controlled. Chinese products exported in low-value packages are mainly items such as clothing, electronic products, and toys. As supervision strengthens and technological means continue to advance in all countries, no evidence has emerged of any prohibited item found in low-value packages from China.

The duty-free de minimis policy follows the trend of world trade development. The World Customs Organization suggests that the customs authorities of every country set a minimum tariff threshold. The WTO Agreement on Trade Facilitation encourages members to provide for a de minimis shipment value or dutiable amount on which customs duties and taxes will not be collected. The majority of countries in the world operate a duty-free de minimis policy and simplify customs clearance procedures.

The Chinese government collects tariffs, VAT, and consumption tax on personal postal items entering China. However, personal postal articles will be exempt if tax liabilities do not exceed RMB50. This policy has worked well.

- It promotes diversity in the consumer market. Consumers are able to buy an abundance of products from all over the world at lower prices. It meets consumers' personalized needs, achieves fast delivery and saves cost, thus improving the buying experience. Taking China's Tmall global import e-commerce platform as an example, by 2024 this platform had offered over 4,000 brands and more than a million products, covering sectors including food, material and child supplies, household goods, fashion, and clothing and accessories, and it is still growing.

- It helps more micro, small and medium-sized enterprises engage in world trade. As a representative of new quality productive forces, cross-border e-commerce cuts trade procedures and lowers entry barriers. Cross-border e-commerce retail links micro, small and medium-sized enterprises directly to consumers, which provides more trade opportunities, expands trade volume, and streamlines trade structure. Currently, there are over 120,000 cross-border e-commerce trade entities in China, which are becoming a significant force in world trade.

- It facilitates global economic cooperation. The rapid growth of cross-border e-commerce has become a new driver for world trade. The policy reduces trading costs through digital platforms and highly efficient logistics, and helps global supply chains allocate resources more flexibly, thus further promoting interconnectivity of the world economy. China's cross-border e-commerce platform Alibaba.com provides services for 26 million active corporate buyers from over 200 countries and regions. Connected with suppliers worldwide through such platforms, enterprises are able to achieve flexible procurement strategies, multiple market demand analysis, on-demand manufacturing, and higher resource utilization efficiency.

8. The "Reciprocal Tariffs" Imposed by the US Will Damage Its Own and Others' Interests

On April 2, 2025, the US government announced the imposition of "reciprocal tariffs" on goods imported from multiple trading partners, including a tariff of 34 percent on Chinese goods. It is now imposing an additional 50 percent tariff in response to China's legitimate countermeasures. Disregarding the balancing of interests achieved over years of multilateral trade negotiations, and ignoring the fact that it has derived enormous and long-standing benefit from international trade, the US has chosen to erect high trade barriers in the name of goals such as "industrial protection" and "national security". This is a severe violation of WTO rules that damages the multilateral trading system and erodes the legitimate rights and interests of the parties affected. The move will not help to solve domestic economic problems in the US, but will ultimately backfire and make the US a victim of its own misdeeds.

The tariffs will increase inflationary pressure in the US. The Budget Lab at Yale University forecasts that when other countries retaliate with countermeasures, the US Personal Consumption Expenditures (PCE) Price Index will rise by 2.1 percent, costing US families with low, medium, and high incomes, as the ultimate "payer" of the tariffs, an average of US\$1,300, US\$2,100, US\$5,400 per household respectively. With the imposition of the new round of tariffs, pressure on the retail price of daily consumer goods such as food, clothing, electronics, and daily necessities will increase significantly.

The tariffs will weaken the US industrial base. The Trump administration intends that these tariffs will force the reshoring of the US manufacturing industry. In reality the tariffs will gradually affect the industrial chain and supply chain, aggravate the risk of supply chain disruption and industrial hollowing out, and add to problems hindering the development of manufacturing. The Peterson Institute for International Economics assesses that over 90 percent of the tariff costs will be borne by US importers, by downstream businesses, and ultimately, through higher prices, by the end consumers.

The tariffs will aggravate panic in the financial market. On the day following the announcement of the tariffs, the three major US stock indexes each declined by more than 5 percent. Meanwhile, the US dollar has fallen hard against the euro, demonstrating the growing concern of the market at the disruption of the economy, and the drastic impact on confidence.

The tariffs will increase the risk of US economic recession. JPMorgan, Goldman Sachs, and other US financial institutions have all substantially

increased their odds of the risk of a US recession. According to their research, the US tariffs and the countermeasures of other countries could lead to a reduction of US real GDP by approximately 1 percentage point.

At the same time, the tariffs will distort the allocation of global market resources, undermine the foundations of global cooperation, and affect the long-term steady growth of the global economy. They will undermine the stability of global industrial and supply chains, and deliver a severe blow to international economic circulations. The Director-General of the WTO Ngozi Okonjo-Iweala said that the new US tariffs will have a devastating impact on global trade and economic growth, leading to a contraction of around 1 percent in global goods trade volumes in 2025, representing a 4 percentage point drop against the previous forecast.

History has repeatedly taught the lesson that trade protectionism will not help to strengthen a country's domestic economy. Instead, it will do severe damage to world trade and investment, which could trigger a global economic and financial crisis, with the inevitable consequences for oneself and others.

VI. China and the US Can Resolve Differences in Economic and Trade Areas Through Equal-Footed Dialogue and Mutually Beneficial Cooperation

China and the US are the world's top two economies. Economic and trade cooperation between the two countries is so huge, substantive, and broad-based, involving so many players, that it is only natural for some differences to exist. The best way to address problems and bridge gaps is to seek paths for mutually beneficial cooperation through equal-footed dialogue. China-US cooperation is of critical importance to the best interests of the peoples of the two countries; it will also exert a far-reaching impact on world peace and development.

1. Equal-Footed Dialogue Should Constitute the Fundamental Approach in Addressing Problems Between Major Countries

Throughout history, examples of disputes and differences between countries abound, yet the approaches to addressing these issues have varied considerably. Resolving disputes through dialogue and consultation can deal with problems more efficiently and spare the international community unnecessary cost.

China and the US have their own national realities and are at different stages of development. The two countries have shared experience of dealing with challenges together. They fought side by side against the forces of fascism in World War II, they have engaged in counterterrorism and addressed public health emergencies, and they have seen fruitful cooperation in facilitating the establishment of multilateral trading system, and promoting open and prosperous development in the Asia-Pacific region. Through equal-footed dialogue, China and the US have the ability to clearly state their position with regard to major concerns, clarify relevant facts, explain the reasons for any concerns raised, discuss the factors leading to problematic issues, and work out possible solutions through consultation. Problems arising in the course of development are best addressed through the process of development, and a short-term problem may no longer be an impediment when viewed from a medium or long-term perspective. The fact is that no country will meet or satisfy another country's unreasonable demands to the detriment of its own reasonable development interests. This, however, does not prevent both sides from seeking possible solutions through equal-footed dialogue.

2. Mutually Beneficial Cooperation Can Help China and the US Realize Their Respective Development Goals

Both China and the US have their respective development visions and goals. In order to put limited resource factors to the most efficient use, better adapt to ever-changing development models created by emerging innovative technology, and create a stable global environment, China and the US should move in the same direction and collaborate in their development.

Mutually beneficial cooperation leads to a higher output to input ratio. It helps to reduce repeated unnecessary inputs, allocate limited resources to areas of greater need, and increase development efficiency. It also helps to maintain a sound balance in international trade and offer more diverse choices of goods and services through effective market competition.

Mutually beneficial cooperation creates the capacity to adjust more rapidly to changes. Past experience has shown that new technology will both improve production efficiency and disrupt the existing social economic model. AI and other technological progresses are reshaping the economic ecosystem, and energy structure transformation demands quick responses from all parties. China and the US can increase the speed and quality of their response to technological advances, and achieve greater benefits in development by strengthening cooperation in areas such as innovation, manufacturing, services and consumption.

Mutually beneficial cooperation leads to more sustainable development. Historically, the US championed the existing multilateral economic and trade framework, whereas China has been an active participant in the process. The multilateral rules accepted by all parties have greatly reduced the cost of international economic and trade cooperation. Mutually beneficial cooperation between China and the US can alleviate concerns about uncertainty in the market and support a faster global economic recovery.

3. The World Anticipates China-US Cooperation to Generate More Development Opportunities

Both China and the US play important roles in the global economic system. The two countries account for more than one third of the global economy and almost a quarter of the world's population, and their bilateral trade accounts for about one fifth of global trade. The US is the world's largest consumer market, and China is the second largest. Through the global supply chains, the two countries have provided extensive opportunities to all stakeholders. They have facilitated raw materials exports, intermediary goods production, and service industry development, thereby increasing the efficiency and efficacy of the global value chain. The sound, stable, and sustainable development of China-US economic and trade relations benefits the two countries, and it benefits the rest of the world as well.

China and the US can work together in the rationalization of global economic governance rules to adapt to the evolution of productivity. The multilateral trading system centered on the WTO, and the regional trade agreements represented by bilateral free trade agreements, are important platforms for economic governance. Since perspectives on an ideal multilateral economic and trade governance system may diverge, rather than leveling accusations at each other and opposing the existing system passively, we should take a more proactive approach to seek common ground and explore ways to improve the multilateral economic governance system.

Conclusion

History tells us that cooperation between China and the US is of great mutual benefit, while confrontation will bring nothing but damage to both sides. Strengthening China-US cooperation is in line with the expectations of the whole world. The global economy can realize faster growth if global markets are fair, open, transparent and rule-based, which cannot be achieved without China-US cooperation. Global trade rules must be updated to respond to evolving world economic trends, which also needs to be led by China-US cooperation. With new technologies and products such as AI, biotechnology, and quantum computing constantly emerging and evolving, China-US cooperation is a must for setting relevant rules and maintaining order, preventing and controlling potential security risks, and ensuring peaceful use rather than misuse of technology.

Trade wars produce no winners, and protectionism leads up a blind alley. The economic success of both China and the US presents shared opportunities rather than mutual threats. The US side is expected to join forces with the Chinese side to pull in the same direction pointed out by the two heads of state in their phone conversation earlier this year. Following the principles of mutual respect, peaceful coexistence, and win-win cooperation, the two countries can address their respective concerns through equal-footed dialogue and consultation, and jointly promote the healthy, stable and sustainable development of bilateral economic and trade relations.

XINHUA

WORLD

Panel: Tariffs spark economic, tech fears

Experts warn heavy duties risk igniting multifront trade war, stoke uncertainty

By YIFAN XU in Washington
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A panel of experts has warned that US President Donald Trump's "Liberation Day" tariffs could ignite a multifront trade war, threatening the US economy, its technological dominance and its global trade relations.

"We're well into the early innings of a multifront trade war," Navin Girishankar, president of the Economic Security and Technology Department at the Center for Strategic and International Studies, or CSIS, said at a briefing on Monday. "The Trump administration has been transparent about its desire to

use tariffs ... but incoherent about the actual goals."

The briefing followed a CSIS panel assessing the tariffs announced by Trump on April 2, which consist of a 10 percent baseline on all imports and steeper rates for specific nations. Trump said the aim is to reindustrialize the United States, generate revenue to cut the federal deficit and balance trade with partners.

The panel, however, expressed skepticism about the policy's effectiveness and highlighted its potential downsides.

Philip Luck, director of the CSIS Economics Program, said the levies could raise up to \$500 billion annually but will lead to serious consequences.

"This will be the largest tax increase in modern American history," he said, adding that lower-income US citizens would bear the brunt of higher prices. He mentioned early Atlanta Fed projections showing negative GDP growth for the first quarter with the new tariffs. "There's a real risk of recession," he warned.

Luck also questioned Washington's claim that tariffs would revitalize US manufacturing. "The US is a manufacturing superpower. We're the second-largest manufacturer in the world," he said, noting that output is near record highs despite declining employment.

Girishankar said that the tariffs' revenue potential hinges on flawed assumptions about US leverage. "The core issue here is leverage is relative, not absolute," he said, add-

ing that while smaller nations like Vietnam might comply, larger ones like China are unlikely to bend, raising doubts about the policy's fiscal benefits.

Luck said that prioritizing low-skill manufacturing over high-value tech sectors could cost the US its innovation advantage. "We risk losing ground in areas like artificial intelligence and quantum computing," he said, suggesting a focus on maintaining technological primacy rather than chasing outdated industrial goals.

Ripple effects

The panel also addressed the tariffs' ripple effects on global trade. Girishankar said China has taken countermeasures, while Canada and the European Union are preparing responses.

Adding to the tension, the US has announced an additional 50 percent tariff on Chinese goods, escalating the trade conflict.

Bill Reinsch, a senior adviser at CSIS, described the global reaction as a mix of "denial, anger, bargaining, depression and acceptance". He said more than 50 countries have signaled interest in negotiating with the US, but Washington's tough stance could hinder progress.

Consumers should brace for price hikes, as the 10 percent baseline is likely to hit retail costs, while tariffs also have strained ties with allies, the speakers said.

Reinsch also noted legal concerns, pointing to lawsuits challenging the tariffs under the International Emergency Economic Powers Act. "The essential arguments are that it violates the major

questions doctrine," he said, referring to the need for clear congressional approval for major policies. He expressed doubt over whether the courts would block the tariffs and anticipated protracted legal battles.

"We're going to watch the movie play out pretty much like it played out in the first term," Reinsch said, predicting a cycle of retaliation, talks and small deals, although the global trade landscape has evolved since 2018, with nations like China strengthening their resilience.

Girishankar said the Trump administration lacks a coherent strategy and that this new round of tariffs would cause uncertainty. He added, "Absent of clarity on what the desired end state would be, more and more Americans are asking the question, is this short-term pain for long-term gain?"

Trump: 90-day pause on tariffs except for China

By BELINDA ROBINSON
in New York
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US President Donald Trump said on Wednesday that he was pausing his new tariffs for 90 days except on China, which he announced he will raise to 125 percent.

Trump took to his site Truth Social at 1:18 pm and also posted on X that he had "authorized a 90-day PAUSE, and a substantially lowered Reciprocal Tariff during this period, of 10 percent, also effective immediately."

Trump did not specify which countries the pause would apply to, but he was clear that the levies would climb for China and would be raised further after he applied a 104 percent tariff on the country on Tuesday.

China had replied to the rise in tariffs Wednesday, announcing that it would put an 84 percent levy on all US imports in response to the US.

Trump posted: "Based on the lack of respect that China has shown to the World's Markets, I am hereby raising the Tariff charged to China by the United States of America to 125%, effective immediately."

The US has significantly escalated tariffs on Chinese goods in recent years. From an average of 19-20 percent in 2018 and 2019, the rate increased by 20 percent earlier this year, followed by an additional 34 percent in April, bringing the current cumulative total to approximately 74 percent. With the latest 50 percent hike, the total burden could reach 124 percent.

This means that the actual rate of tariffs announced today for China could reach 145 percent, calculations show.

The pause on tariffs for other countries immediately buoyed the S&P 500, which showed gains climbing more than 9 percent. The Nasdaq was up 12 percent, and the Dow Jones Industrial Average up 7.8 percent.



A worker stocks a fridge with fresh fruit at a grocery store in New York City on Tuesday. With the fresh round of tariffs, there are apprehensions of prices rising across the board. ANGELA WEISS / AFP

The White House said this week that over 70 countries had come forward to negotiate tariffs; the post by Trump pinpointed the countries that had retaliated with levies.

"Based on the fact that more than 75 Countries have called Representatives of the United States, including the Departments of Commerce, Treasury, and the USITR, to negotiate a solution to the subjects being discussed relative to Trade, Trade Barriers, Tariffs, Currency Manipulation, and Non Monetary Tariffs, and that these Countries have not, at my strong suggestion, retaliated in any way, shape, or form against the United States, I have authorized a 90 day PAUSE, and a substantially lowered Reciprocal Tariff during this period, of 10%, also effective immediately. Thank you for your attention to this matter!"

However, China was not the only country to respond by announcing its own levies on US goods after the "Liberation Day" tariffs were announced on April 2.

The European Union, hit by 20 percent tariffs by Trump that went into effect Wednesday, was among those that hit back at the reciprocal tariffs by announcing its own levies on US goods that would take effect next week.

EU leaders — in charge of 27 countries — said they would place a 25 percent tariff on US goods, impacting around \$23 billion in imported US products. That would include American meat, iron, soybeans, steel, textiles, tobacco and ice cream, according to details seen by The Washington Post.

The change in policy was a significant U-turn for the president, who had shown no signs of backing down.

Karoline Leavitt, the White House press secretary, said the tariffs would be brought down to a universal 10 percent, a large reduction for many countries.

The policy change came amid a sell-off of US bonds and calls by economists and business leaders that the tariffs would hurt US consumers, businesses and the economy.

Later in the day, Trump told reporters that he implemented the pause on global tariffs, excluding China because people were getting "yippy" and "afraid" when they saw the state of the stock market, adding, "Nothing's over yet."

He added that he had watched an interview with JP Morgan CEO Jamie Dimon, who said a recession was a "likely outcome" due to the tariffs. Trump described Dimon as "very

good" during the interview and said that "something had to be done with the tariffs and trade."

"He's very smart and ... a genius financially, he's done a fantastic job at the bank," Trump said.

Gary Winslett, an assistant political science professor at Middlebury College in Vermont posted: "The 90-day pause is a step in the right direction, but the trade war with China is still bad, the universal 10 percent tariff is even worse, the on-again-off-again approach is bad for investment and jobs and we further undermined geopolitical leadership with nothing to show for it."

Musk, who was reported to be against the tariffs, posted an American flag-themed Pepe the frog wearing a superhero costume on X after the pause on tariffs. He relies heavily on the US and China for both manufacturing and consumers.

Bharat Ramamurti, former deputy director of the National Economic Council wrote on X: "Trump previewed a bizarre tariff strategy that froze business investment for the first few months of the year. He then announced an even more unhinged tariff plan that tanked global markets. Then he caved without gaining the US anything."

Sectors signal challenges ahead for region, beyond

By XIN XIN and ALEXIS HOOI
in Sydney

Australia and New Zealand are bracing for the impact of the global tariffs rolled out by the Donald Trump administration on April 2, including a baseline levy of 10 percent on their exports to the United States, as the public and private sectors signal significant challenges ahead for the region and beyond.

"The Trump tariffs will significantly impact economies in Australia and the broader region," Wei Li, a senior lecturer in international business at the University of Sydney Business School, told China Daily.

"Australian key exports to the US, notably beef, gold, steel and aluminum, and pharmaceuticals, will become less competitive due to the new 10 percent tariff. In particular, in recent years, Australia's steel and aluminum industries have strategically developed niche segments specifically targeting the US, so these tariffs will directly undermine their market positioning and profitability."

Regionally, the imposition of even higher US levies on Australia's largest trade partners — China, Japan and South Korea — "could profoundly disrupt established regional trade networks," said Li.

"Given Australia's reliance on globalization and strong trade relationships with these Asian markets, such tariffs could indirectly diminish demand for Australian raw materials and intermediate goods embedded within Asia-US trade flows," she said.

Governments in the region face fresh challenges from potential global trade disruption, according to Li.

"What I would see unfold is governments in Asia will respond to the increasing regionalization in Southeast Asia," she said. "We have seen a lot of supply chain regional integration in the past decade. Now we will see Asian economies increasingly seeking to collectively lower costs of production and diversify consumer markets, enhancing trade relationships and economic ties within Asia and further integrating with Europe and South America."

With the latest US tariffs, there will be significant shifts in Chinese

business and investment, said Li.

"The Belt and Road Initiative is increasingly significant," she said. "In 2024 alone, China's total trade with BRI nations reached 22 trillion yuan (\$3 trillion), up by 6.4 percent ... reflecting China's intensified strategy of deepening ties beyond traditional Western markets."

Moreover, Li said trade and investment between China and members of the Association of Southeast Asian Nations is growing stronger, with Chinese companies expected to increasingly redirect investment and trade toward ASEAN and other economies.

These shifts present both opportunities and risks for Australia and greater Oceania, she said.

"On one hand, increased regional integration in Asia could boost demand for Australian raw materials and agricultural exports within this growing intra-Asian trade network," she explained. "On the other hand, Australia might face intensified competition from Southeast Asia and Latin America as Chinese businesses diversify supply chains and markets away from traditional trade routes."

Innes Willox, chief executive of the Australian Industry Group, said the US tariff move "sends an ominous signal about what comes next."

"This will undoubtedly spark retaliation, imposing barriers on well-known trading relationships and driving up costs for businesses and consumers," Willox said.

He explained that global supply chains in high-value, high-productivity industries "cannot be quickly rejiggered in the same way that commodities can" and that advanced manufacturers will face "profound disruption" as global supply chains adjust to the US tariffs.

On Tuesday, New Zealand's Prime Minister Christopher Luxon made his strongest condemnation of the US tariffs yet. This came days after his Australian counterpart, Anthony Albanese, said the US move had "no basis in logic."

Agencies contributed to this story.

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Briefly

GERMANY

Parties agree to form a new government

Conservative and center-left parties reached a deal to form a new government on Wednesday after long talks, paving the way for new leadership in Germany. Friedrich Merz, the leader of the Christian Democratic Union, is expected to become Germany's next leader, replacing Olaf Scholz.

SOUTH KOREA

Opposition leader Lee signals presidential run

South Korea's main opposition party leader Lee Jae-myung said on Wednesday he was stepping down as party chief, amid expectations that the current front-runner for the presidency in opinion polls would soon declare his run. South Korea will hold a snap presidential election on June 3.

AGENCIES VIA XINHUA

Roof collapse in Dominican Republic kills 113

SANTO DOMINGO — Rescuers raced to find survivors early on Wednesday after the roof of a Dominican Republic nightclub collapsed during a concert by popular singer Rubby Perez, one of the at least 120 people killed in the disaster.

Rescue workers were pressing on with the search effort, which more than 24 hours after the roof caved in, began to be limited more to recovering bodies.

Renowned singer Perez, who was on stage at the popular Jet Set nightclub when the roof collapsed shortly after midnight on Tuesday, was one of those killed, according to his manager.

"We are waiting for the children to reach an agreement for the funeral," Perez's manager Enrique Paulino told AFP.

About 370 rescue personnel combed mounds of fallen bricks, steel bars and tin sheets for survi-

vors. Also among the dead was 51-year-old retired Major League Baseball pitcher Octavio Dotel, who won a World Series in 2011 with the St. Louis Cardinals.

He was rescued alive but died of his injuries while being taken to hospital, local media reported.

Huge crowd

Local media said there were between 500 and 1,000 people in the club when the disaster struck at around 12:44 am on Tuesday.

The club has the capacity for 700 people seated and about 1,000 people standing. Dozens of ambulances ferried the injured to hospital, as scores of people gathered outside the venue desperately seeking news of their loved ones.

Perez was on stage when there was a blackout and the roof came crashing down, according to eyewitness reports. Perez's daughter

Zulinka told reporters she had managed to escape after the roof collapsed, but he did not.

Also among the dead was the governor of the Monte Cristi municipality, Nelsy Cruz, according to Dominican Republic President Luis Abinader.

The president visited the scene and declared three days of national mourning.

"As long as there is hope for life, all authorities will be working to recover or rescue these people," he said earlier.

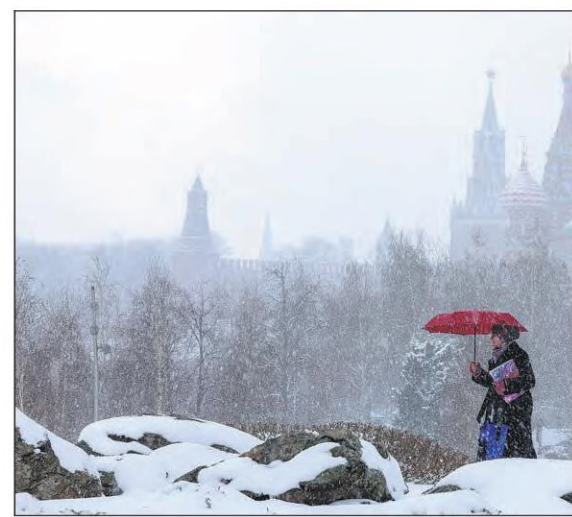
Dozens of family members flocked to hospitals for news.

"We are desperate," Regina del Rosa, whose sister was at the concert, told SIN. "They are not giving us news, they are not telling us anything."

Authorities have issued a call for Dominicans to donate blood.

AGENCIES VIA XINHUA

Snow white



A woman walks in front of the Kremlin during a snowfall in Moscow on Wednesday. Heavy snowfall and low temperatures up to minus 9 C hit Moscow during the week after a warm and snowless winter. SERGEI ILNITSKY/EPA-EFE

COMMENT



China and the World Roundtable | US Tariffs

Editor's note: The reciprocal tariffs imposed by the US will damage its own and other countries' interests and the imposition is a severe violation of World Trade Organization rules, damaging the multilateral trading system. Three experts share their views on the issue with China Daily.

Robert Lawrence Kuhn

Doomsday tariffs threaten global stability

As I write, the United States and China are cascading into the abyss of an all-out trade war, the mother of economic battles that could be the harshest in human history, harming not only the American and Chinese people, but all the people gracing planet Earth.

The dreaded story hardly needs retelling: US President Donald Trump is threatening to increase tariffs on Chinese goods by 104 percent, thus levying total duties of more than 100 percent, if China does not back down and rescind its retaliatory tariffs to Trump's tariffs, while China is strongly and confidently asserting that it will not only not back down, but also "fight to the end." Trump says he is leveling the playing field after decades of abuse, while China says it does not want a fight but is not afraid of a fight, and the country has prepared a sophisticated toolkit of countermeasures.

Trump, for his money, luxuriates in his unpredictability. He does not busy himself with consistency or coherence but only with outcomes, the results of trade. He thrives on being impulsive and hard to handle, giving him, he believes, a negotiating advantage. While uncertainty is the bane of business and investment, it is for Trump his "trump card" (pardon the pun). Shocking the international system, which he feels has treated the US "very unfairly" for decades, he gets everyone's attention. I cannot verify the claim that more than 50 countries are trying to talk with Trump, willing, for the first time, to reduce their own tariffs and restrictions on US goods.

Yet at this moment of bleak US-China relations, with stock markets cratering, I shall risk all to proclaim my odd optimism. I shall explain why at the end of this short article, and you can make your own judgment.

But first, on tariffs. Stated simply, tariffs suboptimize. Tariffs reduce economic efficiency for the collective whole — here, the entire world — by undermining the fundamental economic principle of comparative advantage. Whoever produces goods or services with similar quality for lower prices gets the business. That tariffs suboptimize for the collective whole is uncontroversial. What is controversial is how tariffs also protect individual subgroups and how to optimize the tension between suboptimizing and protection.

It is natural that developing countries are entitled to take more protectionist measures than already developed countries. This allows local companies to sprout and grow; otherwise, they would be



The author is an international investment banker, chairman of The Kuhn Foundation, creator/host of Closer To Truth on science and philosophy, and a recipient of the China Reform Friendship Medal.

crushed by multinational mega-companies. Yet as countries develop — and this applies especially to China — proper permissions of the past become less applicable as operating principles of today.

China enjoyed its spectacular and sustained economic development because, to oversimplify, it could produce quality products at the lowest cost. China's hard-working laborers, accepting low wages (though higher than they

had as farmers), raised the standards of living of hundreds of millions of Chinese people, the greatest reduction of poverty in human history. But in the process, millions of manufacturing jobs in developed countries, especially in the US, were eliminated. Humankind as a whole enjoyed a huge net gain, but for those who lost their jobs, it was devastating, and the political fallout engendered protectionism and deglobalization.



SHI YU / CHINA DAILY

There is no magic solution. Ideally, industrial restructuring in developed countries would focus on emerging technologies for the next generation, while social safety nets would take care of those in the current generation who could not be retrained. Moreover, the principle of comparative economic advantage would continue, so that as Chinese workers rightly demand higher wages, the manufacturing of lower value-added products would shift away from China and toward less-developed countries, such as those in Southeast and South Asia and in sub-Saharan Africa.

In a peaceful world, all this would make sense. But that world is not our world. While win-win is the ideal goal, zero-sum is often the sad reality. Our global economic ship has become unmoored, adrift in the raging currents of US-China conflict.

When President Xi Jinping says China will continue opening up to the world, he really means it — it's not just good. Chinese leaders have recognized, since the launch of reform and opening-up, that the reason China declined so precipitously in the 19th century was its long-term isolation, which they are determined not to repeat.

The swirl of punditry is a blizzard of despair. Trillions of dollars of wealth have been wiped out from US and world equities, the losses gyrating daily. Hence, some see a 60 percent chance of a global recession and the collapse of the 80-year, post-World War II international order. The end of Pax Americana? An emergent geopolitical jungle where the powerful pillage the weak?

I dare not predict what will happen tomorrow — literally tomorrow — but here's why I'm risking all to proclaim my odd optimism.

Consider the social constraints facing the US and China, as well as the severe and escalating economic consequences. Public confrontation and nationalism, exacerbated by social media, are at a fever pitch.

The situation is so volatile and so potentially calamitous that only a direct deal between the two countries' presidents can restore rationality and calm emotions. Counterintuitively, if the confrontation were less severe, I'd be more pessimistic. If the circumstances were "just" the first rounds of tariffs, then it would be bad but not calamitous, and while it would be desirable for the two presidents to engage and resolve the bilateral disputes, it would not be mandatory. Now, it is mandatory.

The views don't necessarily reflect those of China Daily.

Kong Qingjiang

Washington trade war necessitates revival of WTO Appellate Body

In response to the US imposing unfair massive 104 percent duties on Chinese goods, China announced on Wednesday that it would raise its retaliatory tariffs on imports from the US to 84 percent, effective Thursday.

The US administration is hell-bent on serving its own narrow interests, making the US a dangerous trade partner even for close allies.

In the face of such unjustified tariffs, China approached the Dispute Settlement Mechanism of the World Trade Organization with its complaint. A number of countries targeted by the US administration's reciprocal tariff plan are expected to follow suit. Unfortunately, the WTO's Dispute Settlement Mechanism has since late 2019 been in a limbo because of the US' refusal to approve any proposal to appoint new members to the WTO Appellate Body. The US' stance means that none of the total seven judges who retired on completion of their four-year term could be replaced. In other words, the Appellate Body is paralyzed.

A WTO member accused of violating the world trade body's rules can be brought to the DSM to face charges, especially after it failed in the WTO's panel proceeding. But the fact that the Appellate Body is paralyzed means the dispute will be added to the list of pending cases, and the member state accused of having violated WTO rules cannot be punished.

As a matter of fact, during the trade war Trump launched during his first term in office, similar disputes brought by China to the DSM met the same fate.

In dispute number DS544, for example, the US did not revoke its non-compliant tariff measures. Instead, it lodged an appellate process with the DSM. As a result, the dispute is still pending, with the US escaping punishment.

If the US has even the slightest doubt that it would lose the cases in the panel proceedings this time, too, (which it surely will), it will again lodge appeals with the WTO in order to derail the dispute settlement proceedings and escape punishment.

Since the administration's moves are not expected to be confined to China's response, it will not hesitate to include its disputes with other WTO members in the case. Therefore, China, and the other WTO members targeted by the US administration, should make concerted efforts to revive the WTO's Appellate Body.

In order to achieve this goal, they have to reach a consensus that the DSM is of crucial importance for maintaining the stability and predictability of the multilateral trading system. The paralysis of the Appellate Body has dealt a heavy blow to the multilateral trading system. In such a situation the WTO members, whose interests lie in upholding multilateralism, should take a pledge to safeguard the WTO and make unremitting efforts to revive the Appellate Body, because it has the institutional authority to combat unilateralism and trade protectionism.

Besides, since the WTO, including its DSM, is far from being perfect, the member states should work together to reform the world trade body. China has been urging all WTO member states to accord priority to the revival of the DSM's normal operations. It has also been encouraging them to join the "Multi-Party Interim Appeal Arbitration Arrangement", which was created by WTO members in 2020 as a temporary substitute for the Appellate Body.

That certain WTO members still disagree over the Appellate Body's discretionary power to interpret WTO agreements, the concept of "true multilateralism", put forward by China, should serve as the criterion for judging the legality of the Appellate Body's interpretation of the WTO's rules and should form the basis for China to advocate for the reform of the Appellate Body.

An ideal reform plan would be one that aims to stop the US administration from causing more damage to global trade and thus the international community by waging tariff wars. For this, the DSM should be given more teeth, which means it should be authorized to intervene when a member threatens or is about to take unilateral tariff measures against other members.

Nevertheless, with or without such authorization for the DSM, the WTO members should work out the details of a plan to reform the WTO before the 14th Ministerial Conference in March 2026.

The views don't necessarily reflect those of China Daily.



The author is the dean of the Academy for the Foreign-Related Rule of Law, China University of Political Science and Law.

David Gosset

US bullying erodes values that made US world leader

In launching an unnecessary and poorly conceived trade war — particularly against China — US President Donald Trump has committed at least three serious strategic errors. Each of these errors carries significant consequences not only for the United States but also for the balance of global economic power.

First, the US administration has underestimated the harmful impact the trade war will have on the US economy. Second, it has misjudged the strength and adaptability of the Chinese economy. Third, and perhaps most dangerously, it has failed to see the long-term risk of the US being increasingly sidelined in new forms of globalization, many of which are already taking shape thanks to the efforts of China and some other countries.

To begin with, the idea that the US economy can emerge stronger from a tariff-fueled trade war reflects a misunderstanding of the global economic system. The imposition of tariffs on a wide range of imports leads to increased costs for US businesses and consumers alike. As input materials become more expensive, manufacturers face shrinking margins, and retailers are compelled to raise prices.

The ripple effect of these economic disruptions affects jobs, investment, and consumer confidence. Far from strengthening the US economy, this approach undermines its competitiveness and stability. Economists and business leaders across the spectrum warned of these consequences, but the US administration chose to ignore them, guided more by populist rhetoric than by sound economic reasoning.

Also, the US administration has significantly underestimated the resilience and long-term strategy of the Chinese economy. Although China will initially feel the strain of the US tariffs, it will likely respond with a mix of countermeasures, stimulus policies and expeditious reform. Rather than collapsing under pressure, China will adapt to the change. It will strengthen its domestic market, boost innovation, and pursue new trade partnerships across Asia, Europe and Africa.

The Belt and Road Initiative, among others, will gain further momentum, and China will strengthen ties with other



The author, a sinologist and specialist in global affairs, is the founder of the China-Europe-America Global Initiative.

major economies, particularly those alienated by the US' retreat from multilateralism. In the end, China will turn the trade war into an opportunity to speed up its economic transformation and reduce its dependence on US markets and technologies.

Perhaps the most significant misjudgment the US administration has made is the strategic risk of marginalization. By alienating US allies, abandoning multilateral institutions and undermining the norms of global cooperation, the US is increasingly isolating itself. In contrast, China embraces global economic engagement and positions itself as a champion of free trade and international collaboration.

This shift allows China to shape the evolving global economic order to its advantage. Regional trade agreements like the Regional Comprehensive Economic Partnership, which excludes the US, are concrete examples of how globalization is continuing without the US' leadership. Over time, this could result in the US losing its influence in setting

global standards and rules, thereby weakening its strategic position.

What we are witnessing is not just an economic miscalculation but a dangerous case of political hubris. An apoplectic, tunnel-visioned leader, surrounded by sycophants unwilling to challenge his worldview, has made decisions that will harm his own country's interests. The Trump administration has mistaken bravado for strategy and nationalism for economic wisdom. In doing so, it has pushed the US down a path of self-inflicted isolation.

On the other hand, China has every incentive to continue opening up to the world and refining its global strategy. The trade war, intended as a tool to reassert American dominance, may ultimately expand China's influence in world affairs.

The US' trade war reveals a troubling blend of short-sightedness and arrogance. It ignores the complexities of a deeply interconnected world and overestimates the US' unilateral power. Worse, it undermines the very values and institutions that once made it a global leader.

The views don't necessarily reflect those of China Daily.

COMMENT

Editorials

Regional countries should build and protect a neighborhood community with shared future

As a testament to the bitter lessons learned from experience, Southeast Asian nations emphasize the importance of upholding peace and stability. However, external forces have been intensifying their efforts to introduce bloc confrontation and geopolitical conflicts into the region.

The United States, constrained by a zero-sum mindset entrenched in history, is the ringleader in these endeavors, seeking to sow discord by exploiting territorial disputes between China and certain members of the Association of Southeast Asian Nations. This unsettling trend appears set to continue, as the US administration is employing tariffs to pressure countries into aligning with objectives beyond trade, primarily focused on containing China. Notably, among the 10 countries most affected by tariffs, five are ASEAN members, from whom the US administration will undoubtedly seek commitments to its agenda.

But under the guidance of Xi Jinping and the direction of heads of state diplomacy, China-ASEAN relations are a vivid illustration of China's commitment to the principles of amity, sincerity, mutual benefit and inclusiveness in its neighborhood diplomacy and its commitment to help build a neighborhood community with a shared future.

Over the years since that manifestation of the common good was first proposed, the political mutual trust and convergence of interests between China and its neighbors have continued to deepen. China has reached common understanding with 17 neighboring countries on the building of a community with a shared future, signed agreements on Belt and Road cooperation with 25 neighboring countries and become the top trading partner of 18 countries in its neighborhood.

In the process, China has formed a pragmatic and efficient framework for its neighborhood work and accumulated rich experience with which to cultivate stronger bonds of understanding and friendship, viewing the neighborhood as the "foundation" for its development and prosperity, the "priority" for its overall diplomacy and the "crux" of the building of a community with a shared future for mankind.

Analyzing the new situation of China's external development environment, adapting the experience of its neighborhood work to the new changes, and setting the key missions, thinking and policy paths to that end were the main agenda of a two-day central conference on work related to neighboring countries that wrapped up in Beijing on Wednesday.

Despite neighborhood diplomacy being one of the pillars of China's overall diplomacy and its relations with its neighbors being "at the best level they have been in modern history", the conference noted that it is now at "a pivotal stage" as it is deeply intertwined with shifts in regional dynamics and global developments. That explains why the conference called on relevant departments to "view China's surrounding areas from a global perspective and strengthen their sense of responsibility and mission" in advancing the country's neighborhood diplomacy.

In particular, the conference proposed that the work of neighborhood diplomacy should be based on the common vision of building a common home of peace, tranquility, prosperity, beauty and friendship, and uphold the Asian values of peace, cooperation, openness and inclusiveness, with the high-quality advancement of the Belt and Road Initiative as the main platform to engage all neighboring countries in the joint endeavor to create a better future for the region.

Harmony is key to a prosperous family. As Foreign Ministry spokesperson Lin Jian said, as a member of the Asian family, China will continue to jointly pursue reciprocity, mutual benefit, openness and inclusiveness with neighboring countries with friendliness and sincerity. It will work to consolidate strategic mutual trust with neighboring countries, support regional countries in adhering to their own development paths, build a high-level interconnected network, and strengthen industry and supply chains cooperation.

To better unleash the potential of the region, all countries in the neighborhood need to jointly maintain regional stability, carry out security and law enforcement cooperation, and respond to various risks and challenges, while advancing exchanges and facilitating personnel exchanges.

By contributing to and being rooted in the neighborhood, China aims to ensure that more Asian people benefit from its development dividends, and inject more stability into and bring more hope for the world with the realization of an Asian community with a shared future.

China will never submit to tariff despotism

The high tariffs the United States administration has imposed on Chinese goods are coercive in nature, run counter to market economy principles, and will have serious repercussions for China-US economic and trade relations. This is the message contained in a white paper released on Wednesday by the State Council Information Office.

In fact the US is going to the extreme to try to bring China to its knees in the trade war it has initiated. The White House said on Tuesday that unless Beijing withdraws the 34 percent tariffs it imposed on US products last week in response to those of the same percentage levied on Chinese imports by the US — which came on top of the 20 percent tariffs the US administration had already imposed earlier this year — it imposed further 50 percent duties on imports from China on Wednesday, bringing the total punitive tariff hike on Chinese goods to 104 percent. In response, Beijing announced it will increase the additional tariff rate on all US imports from 34 percent to 84 percent, starting Thursday, and it has put 18 US companies on trade restriction lists, along with other countermeasures.

But caving in to the US pressure is out of the question for Beijing. It is a core tenet of the country's external work, based on the lessons learned from history, that it should never be deterred by intimidation, swayed by fallacies, or cowed by pressure. Going forward, it knows it will face an even more severe international situation and more complex external environment, and that only by having the courage and ability to overcome difficulties and obstacles can it continue to forge ahead. The country will therefore continue to display its indomitable spirit and make tenacious efforts to open up new horizons for its modernization journey. In the same vein, China also knows that on major issues of right and wrong, it is imperative to uphold principles.

The US administration's reliance on coercion through tariffs is an ill-conceived and misguided power play that only leads to a dead end. History shows that there are no true winners in trade or tariff wars, because by nature they are ultimately harmful to all. The US' abusive use of tariffs not only infringes on the legitimate rights and interests of China but also those of other countries. Its trade despotism has violated the established rules of the World Trade Organization. Such behavior undermines the rules-based multilateral trading system and disrupts the stability of the global economic order.

This unilateral, protectionist and coercive approach has quite rightly been met with widespread opposition from the international community. China, rather than appeasement, has taken a clear stand on the side of fairness and justice, and the progressive side of history. It is not that China does not understand what the unprecedentedly high tariffs mean for its exports and the economy in general. Profits of export-oriented industries will take a blow and the resulting decline in manufacturing investment and consumer sentiment will dampen economic growth. But it also knows that kowtowing to the US' tariff bullying will gain it nothing, given that it is no secret the US is now intent on cutting China out of its consumer market and reshaping the global supply chains to serve its own narrow interests.

But even a sharp decline in exports to the US will not fatally damage China's overall economy. Thanks to China's efforts at diversifying markets in recent years, the US accounted for 14.7 percent of the country's total exports last year, down from 19.2 percent in 2018. Which means China has the capability to prevail in this "trade war of attrition". On the other hand, the damage the tariff war is inflicting on the US economy is becoming severer with each passing day.

It is natural that China and the US, in different stages of development, have differences and frictions in trade and economic cooperation. Yet tariffs and protectionism are the wrong means to deal with the problems that have emerged. The white paper calls for dialogue and consultation to keep the two countries' mutually beneficial and win-win economic and trade cooperation on track.

But despite assertions from the White House about it being open to dialogue with Beijing, the actions of the US administration do not currently reflect a genuine commitment to engaging in constructive discussions with China. If the US administration truly desires meaningful dialogue with Beijing, it must demonstrate a willingness to negotiate on the basis of equality and mutual respect. Resorting to demeaning and derogatory language, even if it is just intended for domestic consumption by perpetuating a skewed narrative about China and its people, does not serve as an invitation to dialogue. Nor are intimidation, threats, and blackmail conducive to productive engagement with China. Beijing is not seeking conflict, but it will stand resolute in the face of adversity. As always, it is prepared to take all necessary measures to defend the country's legitimate development rights and interests.

It is never too late for the US to mend its way and work with China to find a feasible solution to bilateral trade and economic disputes. But in the event that the US administration remains steadfast in pursuing a tariff and trade war to advance its zero-sum objectives, China stands prepared to resist its modern gunboat diplomacy.

Jin Ding



Opinion Line

Latin American economies shun unipolar system with RMB's internationalization

The currency-swap agreement between China and Argentina must be among the major achievements of China-Latin America financial cooperation. First signed in 2009, it was the first of its kind between China and a Latin American country.

For Argentina, the deal came as a crucial financial lifeline, reinforcing its foreign reserves and enhancing its ability to meet international debt obligations, including those to the International Monetary Fund. The swap agreement enables the country's central bank to access renminbi that can be converted into dollars, bolstering foreign reserves and, by extension, the Argentine government's ability to repay creditors including the IMF.

Over the past 16 years, this mutually beneficial agreement has been renewed multiple times, with the latest extension in June 2024 securing a 35 billion yuan (\$4.76 billion) swap line. For Argentina, which is grappling with severe economic instability, the deal has eased short-term repayment pressures and provided much-needed fiscal flexibility.

For China, it represents a strategic step in the RMB's internationalization, particularly in filling a gap in Latin America. For Argentina, the world's leading exporter of

agricultural products, the swap agreement strengthens trade ties with China, ensuring smooth transactions for key exports such as soybeans and beef. This benefits Chinese consumers by ensuring stable access to high-quality food imports.

These developments reflect China's foreign cooperation principles: no political strings attached, no targeting of third parties. As Lin Jian, spokesperson for China's Foreign Ministry, stated at a recent news conference: "China's bilateral cooperation with relevant countries never targets any third party, nor should it be interfered with by any third party."

In stark contrast, the US has repeatedly attempted to undermine Sino-Latin American financial agreements. Mauricio Claver-Carone, the US president's special envoy for Latin America, falsely labeled the China-Argentina swap agreement as "extortionate", claiming that "China will always be able to extort Argentina". This accusation is baseless, exposing the US' real agenda: to block China's cooperation with Latin America at any cost, even if it harms its allies.

While the US accuses China of creating debt traps, its own financial dealings with Latin America reveal a history of coercive and self-serving policies. The US-dom-

inated IMF has repeatedly imposed harsh austerity measures on Argentina in exchange for bailouts, including cuts to social spending, privatization of public assets, and deregulation policies that have worsened poverty and inequality.

Earlier this century, US hedge funds such as Elliott Management bought Argentina's nonperforming debt bonds at significant discounts and then demanded full repayment with interest, blocking Argentina's debt restructuring efforts and prolonging its financial crisis.

The US has repeatedly used sanctions to punish Latin American nations such as Venezuela, Cuba, Nicaragua for pursuing independent policies, crippling their economies.

Ultimately, Latin American nations are increasingly recognizing the benefits of diversifying partnerships rather than remaining trapped in a unipolar financial system dominated by the US. As the RMB's internationalization progresses, China's role as a reliable, noncoercive economic partner will only grow stronger — much to the frustration of those who prefer maintaining financial hegemony over genuine mutual development.

— ZHANG ZHOUXIANG, CHINA DAILY

What They Say

'Hands off' the canal applies to US as well

US Defense Secretary Pete Hegseth said on Tuesday, during his visit to Panama, that the Panama Canal faces ongoing "threats" from China but the United States and the Central American country will keep it secure.

This brazenly calls black white. As the Chinese embassy in Panama said, "People have their own judgement on which party represents the real threat to the Panama Canal."

Speaking at a ribbon-cutting ceremony for a new US-financed dock at the Vasco Núñez de Balboa Naval Base after a meeting with Panama President José Raúl Mulino, Hegseth said the US will not allow China or any other country to threaten the canal's operation.

Which parties Panama carries out business with is a "sovereign" decision of Panama that the US doesn't have the right to interfere in. But the US has resorted to "blackmail" to further its own interests. Since the incumbent US administration took office in January, the US has carried out a sensationalized campaign to peddle the "China threat" theory in an attempt to sabotage China-Panama cooperation.

It is absurd for the US administration to allege that Chinese companies' presence in the canal area may violate the treaty under which the US turned the waterway over to Panama in 1999. China has never participated in the operation of the canal, nor has it interfered in the affairs related to it. China has always respected Panama's sover-

eignty and recognized that the canal is a neutral international waterway.

President Mulino has also denied that China has any influence in the operations of the canal. In February, he expressed frustration at the persistence of the narrative. "We aren't going to speak about what is not reality, but rather those issues that interest both countries." But still the US defense chief has tried to hype up that false narrative.

"I want to be very clear, China did not build this canal," Hegseth said. "China does not operate this canal and China will not weaponize this canal. Together with Panama in the lead, we will keep the canal secure and available for all nations through the deterrent power of the strongest, most effective and most lethal fighting force in the world."

He should be reminded that China is no different than any other country and that it did not build and does not operate the canal does not deny China's right to use the international waterway, which, as he said, has been secure and available for all nations.

Since the treaty between the US and Panama has stipulated the sovereignty of the canal belongs to the latter, the US is also no different from any other country in its obligation to respect Panama's sovereignty over the canal even if it did build it. That being said, it is the US that has shown the intention to breach the treaty that calls for the permanent neutrality of the canal by trying to pressure the Panamanian govern-

ment to give its control of the canal to the US using the "China threat" lie as the excuse.

People have enough reasons to believe once the US controls the canal, it will use it as a toll station to fleece any party it wants to or leverage it as a bargaining chip in its trade talks with other countries. The US control of the canal will be a nightmare for world trade and international logistics citing "America built, America served".

China-Panama cooperation, which spans investment, infrastructure and finance, brings tangible benefits to the two peoples, and doesn't target the US. Developing relations with China is the choice of Panama as a sovereign state and the Panamanian people.

That the US has been hyping up the "China threat" theory in disregard of facts and trying to undermine the cooperation between China and Panama is entirely out of its own geopolitical calculations. The US side should reflect on its own bullying and plundering of developing countries in Latin America and the Caribbean, including Panama, and stop distorting and slandering China. Instead of smearing China and sowing discord everywhere, it would be better for the US to focus on how to help benefit the local people.

Panama's sovereignty and independence are not negotiable, and the canal is not and should not be directly or indirectly controlled by any other country.

— LI YANG, CHINA DAILY

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GLOBAL VIEWS

AUGUSTO SOTO

Bridges of dialogue

The prospects for ties between Spain and China are very promising as they are based on firm friendship

Spanish Prime Minister Pedro Sánchez is scheduled to visit China and have his third meeting in three years with President Xi Jinping in April, marking the 20th anniversary of the establishment of the comprehensive strategic partnership between the two countries. Over the past months, the link between



Madrid and Beijing has made the greatest qualitative leap forward. The continuous goodwill demonstrated by Madrid and Beijing and the concrete results from their cooperation are in sharp contrast to the increasing barriers to the flow of people and goods being erected by some countries. In 2024, 647,801 travelers from China arrived in Spain, an increase of around 66 percent compared to 2023, according to the Spanish government data. Moreover, closer relations will allow Spain to consider further consular improvements for the much larger number of Chinese tourists to the country, according to various analysts in the sector.

The comprehensive strategic partnership signed in 2005 revitalized the bilateralism of more than half a century, combining a high degree of concrete actions and symbolism, as the Eurasian Yiwu-Madrid train attests. In 2024, Spain's trade volume with China totaled \$50.1 billion, exceeding Spain's trade with the United Kingdom, Belgium and the Netherlands. The trade link is therefore significant, but more dialogue and efforts are needed to achieve more balanced trade.

In 2024, the Spanish economy grew by 3.2 percent, more than double the eurozone average of 0.9 percent, and the Organization for Economic Cooperation and Development projects a 2.6 percent GDP increase for it in 2025, well above Europe's major economies. Meanwhile, China continues to grow at around 5 percent, and it is at the forefront of global technology, as reflected in the historic announcements led by the DeepSeek platform in January, and the Chinese inventive breakthrough showcased in

Meanwhile, the EU-China Comprehensive Agreement on Investment could be revived in a concerted EU-China effort, and this should be decided sooner rather than later.

the Mobile World Congress 2025 in March in Barcelona, and soon the 106-years old Automobile Barcelona, the international car show to be celebrated in May.

During the former, arguably the largest and most influential connectivity event in the world, Chinese companies such as Huawei, China Mobile, ZTE and Xiaomi won in different categories at the 30th edition of the Global Mobile Awards. And tellingly, more than 300 Chinese companies showcased their latest innovations.

Prime Minister Sánchez's trip comes after Chinese automaker Chery and Spain's Ebro-EV Motors opened a factory in Barcelona, heralding further moves toward next-generation cars. At the end of March, Zaragoza is set to become a possible manufacturing center for the Leapmotor B10 for Europe, consolidating Spain's status as a key player in electric mobility in the European continent hand-in-hand with China, as reported by Reuters and Spain's Diario de Sevilla newspaper. Spain sees room to seal Chinese investment in Spain's electric car, battery and green industries as a whole in the context of an old and highly significant friendship.

Paving the way for King Felipe VI and Queen Letizia to make a possible visit to China later this year is also very significant.

Spain sees itself as a bridge between civilizations. The first royal Spanish visit to China dates back to June 1978, just months before China's reform and opening-up policy started. The very fact that Prime Minister Sánchez visits China for the third time in a relatively short period of time is a testament to enduring friendship between Spain and China.

Every day brings some new and crazy news that causes countries around the world to adjust aspects of their foreign policy, sometimes opening new windows of opportunity. Therefore, at this moment, as important as it is to keep in mind some significant achievements described above and the results to be announced during the official visit to Beijing in April, it is equally important to strengthen the bridges of dialogue between Madrid and Beijing and to see them, in turn, in terms of EU-China significance. The Spanish factor of the EU is more significant today than it was before.

Meanwhile, the EU-China Comprehensive Agreement on Investment could be revived in a concerted EU-China effort, and this should be decided sooner rather than later.

It is also significant that the proposer of the concept of the United Nations Alliance of Civilizations, proposed at the UN in 2004 and launched in 2005, was former Spanish prime minister José Luis Rodríguez Zapatero, who has spent several days in China participating in a series of events that contributed to both the Madrid-Beijing, EU-China and multilateralism linkages. He took part in the Boao Forum for Asia, also known as the "Davos of Asia", held on the island of Hainan, which this year brought together 2,000 representatives from 60 countries from Asia, Europe and the Global South, with which Spain has a privileged relationship due to its civilizational, political, diplomatic, commercial and investment ties with Latin America, a continent with which China also has very important relations. And on the Chinese side, the Global Civilization Initiative launched by President Xi is profoundly valued by the international community. There are syner-



MA XUEJING / CHINA DAILY

gies that deserve to be explored.

On the Spanish side, beyond the official dimension, its former ambassadors in Beijing continue to actively promote better relations with China, holding conferences, writing articles and even books, among whom the three-time ambassador to China, Eugenio Bregolat, stands out at the Spanish and European level. Meanwhile, Rafael Dezcallar, Spain's most recent former ambassador to China between 2018 and 2024, just published a book entitled *The Rise of China: A Look at the Other Great Power*. His epilogue argues that agreements with Beijing should be sought whenever

possible to solve the major global problems, which without China's contribution can hardly be addressed. This, he argues, requires considering its interests, because otherwise it will be impossible to reach solutions acceptable to all.

A word to the wise is sufficient.

The author is director of the Dialogue with China Project and former global expert in the United Nations Alliance of Civilizations. The author contributed this article to China Watch, a think tank powered by China Daily. The views do not necessarily reflect those of China Daily.

VIOREL ISTICIOAIA-BUDURA

Solidarity in diversity

Now is the moment to rediscover the reasons for sustaining the China-EU partnership and political trust

The 50th anniversary of European Union-China diplomatic relations represents a special moment. The passing of years, the auspicious marks left in the calendar and the accumulated experience all have provided us, I feel, with a special opportunity. Naturally, an anniversary should appeal to our collective attention and wisdom. I see it as an invitation to adopt a new, much more needed state of mind in exploring EU-China relations, their relevance and their prospects. Is that possible under the current, rather complicated geopolitical circumstances? I believe the answer lies in the significance and substance of this half a century of shared history.

It's a time to review the past and draw lessons. As one of the main beneficiaries of globalization and a country focused on development and cooperation, China has gone through progressive stages of growth and it has now become a source of investments, of new technologies and a commercial power difficult to compete with. As an European diplomat, head of the Asia and Pacific Department of the European External Action Service, from 2011 to 2014, I had the privilege and the mission to contribute to the sustained expansion of the EU-China cooperation agenda. Together with most of the European Commission's departments and relevant agencies from the EU members, over 60 cooperation mechanisms and collaboration platforms were established in multiple areas of common interest and produced mutual benefits. In those very dynamic and fruitful years, I have been present, either in Brussels or in Beijing, at the most meaningful moments, during summits and high-level meetings, and I have to admit that the marks they left can still be seen in the chronicle of the EU-China relations.

I remember the visit of Chinese President Xi Jinping to Brussels in 2014, the first president of China to visit the EU headquarters, which demonstrated his interest in deepening the bilateral cooperation. I recall how some officials stated that those talks and exchanges were much more open

and free-flowing than is customary on such occasions. In fact, I have witnessed, at the same leaders' level, another unforgettable historical moment: the relaxed but deeply meaningful conversation in Beijing. In 2013, in the most genuine manner of a strategic partner, the Chinese president shared with Herman Van Rompuy, then president of the European Council, and José Manuel Barroso, then president of the European Commission, his initial thoughts on a unique project: the revival of the legendary Silk Road. A few months later, the initiative was launched. The same deep and remarkable spirit of a real strategic partnership was present when, at another summit in Beijing, the EU leaders thanked China for the unwavering support provided for the euro and for all the measures that helped and secured the overcoming of the currency crisis.

In those days, I worked hard for the deepening and expanding of the European policies toward China in concert with the distinguished diplomatic representatives of all EU members. I have noticed the persistence and patience of my colleagues from Germany, France, Italy, Spain, Hungary, Poland, among many others, keen on positioning themselves favorably as trading partners, investors, or recipients of Chinese capital, or to capture the dynamism and taste of Chinese customers.

Moreover, I believe that at the subregional format, China-Central and Eastern European Cooperation should also continue to strive and achieve more, actively and daringly unlocking the potential of good traditional relations, friendship and mutual understanding. I have felt how deep were those expectations and hopes, years ago, in November 2013, when Prime Minister of Romania Victor Viorel Ponta welcomed his

Chinese counterpart attending the China-CEEC leaders meeting in Bucharest. I was there, representing the president of the European Council and the president of the European Commission at that meeting. The meeting was a meaningful step in clarifying the directions of cooperation by the inclusion in the final document of the provisions regarding the compatibility and complementarity of projects with the EU's priorities and standards.

As a Romanian diplomat and former European official, I look with hope at the potential of Romanian cooperation with China, either in maximizing the resources of the Romanian economy, our country's location and the advantages provided by the proximity of the Danube River and the Black Sea. In many respects, upon careful and pragmatic consideration, the Belt and Road Initiative can be aligned with the Global Gateway strategy proposed by the EU, benefiting from the potential of both connectivity initiatives and generating positive energy and cooperation in the international community.

By training, I am an optimist. As a diplomat I could not avoid being hardened by the crises I went through but I always remained convinced that there is light at the end of the tunnel. I deeply believe that

the layers of various challenges, at regional and international level, will predictably push the EU and China to look for new ways to work together. The long overdue reform of the international financial institutions, the search for better mechanisms to secure the representativity and efficiency of the multilateral organizations, all require closer consultation and cooperation between the two as partners in managing global issues. The same goes for advancing toward settling the pressing decisions regarding the governance of the internet, artificial intelligence, or in implementing climate commitments. In the process, in my opinion, there is a chance to rediscover the deep reasons for nurturing the mutual political trust between the two sides. Many sensitivities, not least those generated by the uninspiring labels placed on a big nation by those Europeans scared by the rise of China, may, hopefully, dissipate. I often wonder how Europeans have forgotten the valuable lessons that brought the peace and cooperation and helped embrace the cherished spirit of "unity in diversity". Moreover, the European companies, badly shaken by the energy costs and the impact of the Fourth Industrial Revolution, may recall that there is an EU-China investments agreement waiting to be pushed forward beyond some populist and shortsighted political agenda.

Not long ago, China's Foreign Minister Wang Yi proposed a wider rethinking in China-EU relations. Under the unfolding new global circumstances, I believe that this call should be welcomed. An EU-China summit, dedicated to the celebration of the 50th anniversary of the diplomatic relations, should implicitly scan the horizon with pragmatism and the right understanding of the deep meaning of the strategic partnership. Not intimidated by the present and not losing sight of the future.

The author is a former Romanian ambassador to China and former head of the Asia and Pacific Department of the European External Action Service. The author contributed this article to China Watch, a think tank powered by China Daily. The views do not necessarily reflect those of China Daily.



MA XUEJING / CHINA DAILY

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Global biz outreach on march

M&As now giving way to 'new business models, new markets, new challenges'

By OUYANG SHIJIA
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Chinese companies are accelerating their global expansion with a new playbook that moves beyond traditional mergers and acquisitions to embrace diversified strategies and boost exposure to emerging markets — even as they navigate an increasingly complex regulatory and geopolitical environment.

"The global expansion of Chinese companies has already made significant strides and is now marked by three main trends — new business models, new markets and new challenges," said Lawrence Jin, Deloitte Global Chinese Services Group leader and Deloitte C2G (China to Global) leader.

Unlike the previous wave of overseas expansion, which leaned heavily on M&As to acquire brands, technologies or market share, many Chinese companies are now exploring diversified forms of overseas expansion, Jin said during a recent exclusive interview with China Daily.

"In addition to traditional green-

field investments and M&As, equity investments, joint ventures and industrial park development are becoming more common," he said.

While North America and Europe once dominated Chinese firms' outbound ambitions, today, the strategic focus has shifted toward emerging regions including Southeast Asia, the Middle East, Latin America and Africa.

"In the past five years, a fundamental shift has occurred. Chinese companies see not only market potential and growing purchasing power in these regions, but also new avenues for cost-effective operations — whether through relocating capacity or leveraging lower labor and operating costs," Jin added.

"Many of China's experiences are more replicable and practical in emerging markets than those from the West. We're seeing that in Southeast Asia, and we believe the same applies to Africa, the Middle East and Latin America," the Deloitte expert said.

But global expansion comes with complexity, especially in today's fraught geopolitical climate.

"Today's uncertainties are far

greater than those faced 10 or 20 years ago. Our clients tell us the top concern is how to design and execute a flexible global strategy while managing risk. This is a far cry from the earlier era of 'paying tuition' via M&As to acquire tech and markets," Jin said.

Compliance has emerged as a particularly sharp challenge. Companies are facing tough questions around environmental, social and governance, data protection, labor practices and even daily operational details like food safety in employee cafeterias.

"We always remind companies that compliance cannot be an afterthought. Waiting until your factory is built or products are launched may be too late."

Behind many failed overseas ventures is a lack of global leadership capacity.

"The number one challenge for Chinese companies going global is not just geopolitics or regulations — it's whether the group's senior management has a truly international mindset and the ability to lead global teams," Jin said, adding that sending a single executive abroad is not enough. Success requires cultural empathy, organizational empowerment and a willingness to adapt domestic

practices to local expectations.

"A company that says, 'This is how we do it in China, why doesn't it work overseas?' will likely fail."

Despite recent progress, he said China's outbound journey is still in its early stages. While over 100 Chinese firms appear in the Fortune Global 500, their level of internationalization, in terms of revenue, assets and capabilities, remains lower than their Western and Japanese counterparts.

"We're just in the early phase of a decades-long journey," Lawrence Jin said.

"Since the beginning of 2023, nearly all Chinese companies around us regarded going global as a very important strategic decision," said Collin Jin, deputy president of CPA Australia's East and Central China Committee. "Due to China's massive production capacity, the domestic market may face competition in many niche sectors. Thus, a rising number of Chinese companies choose to leverage their strong production and service capabilities to explore broader markets."

Data show that in 2024, Deloitte China has helped more than 3,500 Chinese enterprises expand their businesses globally and achieve international development.



Thermal coal loaded onto a ship at Lianyungang Port, Jiangsu province. WANG CHUN / FOR CHINA DAILY

Association: Coal use forecast to peak by 2028

By LIU YUKUN
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China's coal consumption is expected to peak around 2028, the China National Coal Association forecast on Wednesday.

Zhang Hong, a spokesperson for the association, said: "It's important to note that reaching the peak around 2028 doesn't automatically signify an immediate decline in coal consumption afterward. Rather, it marks the beginning of a transitional phase."

"As new energy technologies like hydrogen and energy storage advance during this transitional period, we can expect a discernible decrease in coal consumption afterward," he said.

Zhang underscored the necessity for coal enterprises to spearhead transformation and advancement during this transitional phase.

This year, coal production and consumption are expected to maintain growth, with coal imports potentially decreasing year-on-year but remaining at high levels, according to the association's estimates.

"Among key coal-consuming sectors, the power industry is anticipated to witness a continued uptick in coal consumption. Considering ongoing economic structural optimizations and the growing contribution of hydroelectric and alternative energy sources, there might be an approximate 100 billion kilowatt-hours increase in coal-fired power generation this year, fueling the demand for coal consumption," said Guo Zhonghua, director for policy research at the association.

"In contrast, coal usage in the steel and building materials sec-

tors is likely to stabilize with a marginal decrease, while coal consumption in the chemical industry is poised for a moderate uptick," he said.

Last year, China's output of raw coal went up by 1.2 percent year-on-year to 4.78 billion metric tons, said the association, citing data from the National Bureau of Statistics. According to the General Administration of Customs, cumulative coal imports amounted to 540 million tons, an increase of 68.28 million tons from the previous year, or a growth of 14.4 percent. China's cumulative coal exports reached 6.66 million tons last year, showing a year-on-year increase of 49.1 percent.

At present, there are nearly 4,300 operational coal mines, boasting a coal mining mechanization rate of 99.32 percent. Guo said that international collaborations have broadened in recent years, with companies successfully exporting coal machinery products to regions spanning Europe, the United States, Australia, and Russia.

Wang Danshi, deputy director of the association's statistics and information department, said coal companies in China are actively embracing artificial intelligence, with a majority having either deployed large-scale model application scenarios or preparing to conduct related research and development work.

"For instance, inspection robots have replaced a large number of underground inspection workforce, and many coal mines have applied unmanned driving technology, making coal mining safer and more efficient," he said.

Shanghai promotes innovative financial services

By SHI JING in Shanghai
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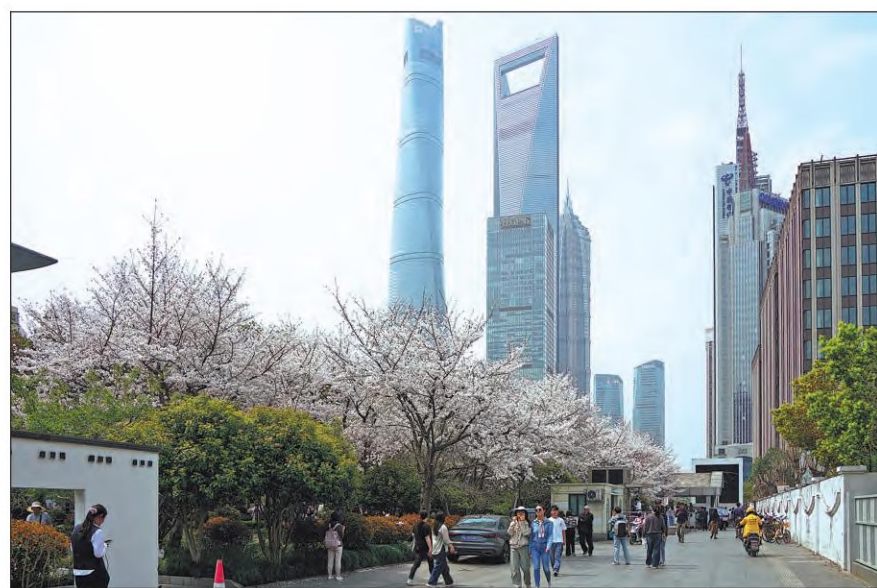
The recently passed provisions to promote the development of free trade (FT) accounts at Shanghai's Pudong New Area not only address the rising demand for innovative financial services, but also serve as another major attempt regarding the country's two-way opening-up, said experts.

As China's first local regulation specially promulgated for FT account businesses, the new provisions were passed on March 27, two months after it started to solicit public opinion, and will take effect on May 1.

Touching upon multinational companies' capital pool business, loans provided for overseas entities' mergers and even retail businesses under the FT account, the new provisions have demonstrated to both Chinese and foreign companies the direction of China's future financial opening-up, said Cao Xiao, head of School of Finance at Shanghai University of Finance and Economics.

As explained by Lu Hua, professor from the School of Economics at Fudan University, innovative supply chain finance services are now in high demand. This is especially true among biopharmaceutical companies and cross-border e-commerce platforms, as they need resources from both home and abroad. The FT account can address such demand by exploring more application scenarios, she said.

The FT account mechanism was first experimented in Shanghai in 2014. As of end 2024, about 170,000



A view of the financial center of Shanghai's Pudong New Area. WANG GANG / FOR CHINA DAILY

such accounts had been opened in the city. Over the past decade, the average annual growth rate of cross-border receipts and payments in domestic and foreign currencies made via the accounts exceeded 30 percent, while that for cross-border receipts and payments handled by non-resident enterprises approached 40 percent.

One major highlight of the new provisions, according to Lu, is that banks are allowed to provide cross-border financial services via the FT account for qualified overseas individuals conducting domestic direct investment in the high-tech industries and strategic emerging industries.

Banks can also provide transfers freely to non-resident accounts for overseas individuals who have opened FT accounts. Other settlement services aiming to facilitate the work and life for those living in the China (Shanghai) Pilot Free Trade Zone and holding FT accounts will also be provided, according to the provisions.

This progress has addressed the rising number of overseas talent

entering China, said Lu. With the wider proliferation of the FT account, more convenient settlement measures may be introduced regarding overseas users' medical, travel or consumption payments when using this account, she added.

Apart from high accessibility, the FT account can attract more users by introducing favorable foreign exchange and tax policies, she suggested.

Banks and financial institutions are allowed to provide cross-border capital and asset management for multinational companies via the FT account, comprising another major highlight of the new provisions, according to Cao.

Integrated domestic and foreign currency services will be available from the FT account. When banks issue non-resident merger and acquisition loans to FT accounts through branches in the Lin-gang Special Area of the Shanghai FTZ, restrictions regarding loan ratios and repayment periods will be relaxed to some extent.

Qualified enterprises engaged in bulk commodity production or

cross-border trade are allowed for cross-border hedging under the FT accounts, but such services should be entrusted to domestic futures operating institutions approved by the top financial regulatory departments. These institutions should have obtained overseas futures brokerage qualifications, according to the new provisions.

These measures indicate that financial institutions are given more room to come up with innovative services catering to companies' specific demand, said Cao.

Ma Chenguang, senior partner of Co-effort Law Firm LLP in Shanghai, explained that the implementation of the new provisions requires coordination from various municipal and national departments. Therefore, the provisions should be better connected to the international practices and China's national-level financial regulations. In this way, the FT account can explore the application scenarios, which is conducive to the renminbi's higher influence in the international market, she said.

Briefly

Moves set to boost green travel

The State Grid is boosting green travel amid fast-growing electricity demand of new energy vehicles around the country. In Jiangsu province, power staff members used abundant photovoltaic resources in some regions to build intelligent green charging stations by integrating photovoltaic power, energy storage and charging into one system. Staff members from State Grid Xuzhou Power Supply Co view this type of "microgrid" as a new model for green charging. The largest such station has a photovoltaic power generation system that can generate 5 million kilowatt-hours of electricity per year, helping reduce carbon

emissions by about 4,200 metric tons and save some 1,500 tons of standard coal each year.

Auto JV reports surge in NEV sales in Q1

SAIC-GM-Wuling (SGMW), a joint venture between SAIC Motor, General Motors and Liuzhou Wuling Motors, reported robust new energy vehicle sales in the first quarter of 2025, selling 199,078 units, with a 71.3 percent year-on-year growth. NEVs accounted for 52.8 percent of the company's total vehicle sales in the first quarter, with overall auto sales reaching 377,257 units, up 12.3 percent year-on-year.

XINHUA - CHINA DAILY

Sinopec expands partnership with Saudi Aramco

By ZHENG XIN
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In a strategic move to boost capacity to meet the escalating global demand for high-quality petrochemicals, China Petroleum and Chemical Corp (Sinopec) and Saudi Aramco have signed a Venture Framework Agreement to develop a fully integrated petrochemical complex at their joint venture in Saudi Arabia, Sinopec said on Wednesday.

The agreement seeks to advance engineering studies for the development of a fully-integrated petro-

chemical complex at Yasref, a joint venture owned by Aramco (62.5 percent) and Sinopec (37.5 percent), enhancing its ability to meet the growing demand for high-quality petrochemical products.

The project aims to maximize operational synergies and create additional value through introducing a petrochemical unit, a large-scale mixed feed steam cracker with 1.8 million metric tons per year capacity, and 1.5 million tons per year aromatics complex with associated downstream derivatives integrated into the existing Yasref

complex, it said.

"The agreement further deepens and elevates our strategic partnership with Sinopec, while the planned expansion project solidifies our commitment to product innovation and diversification," said Amin H. Nasser, Aramco president & CEO. "As we look forward to strengthening our collaboration with Sinopec in making Yasref a leading refining and petrochemical company, we aim to contribute to strengthening Saudi Arabia's position as a global leader in energy and chemicals."

Industry experts believe the

chemical industry faces worldwide structural shortages in high-end products represented by new chemical materials and high-end fine chemicals.

Chinese petrochemical companies are boosting innovation to focus on specialized and high-end products, which is setting them apart in the global market and increasing their profits. This strategic move is positioning them to compete in more valuable parts of the international petrochemical industry, they say.

According to Pang Guanglian, dep-

uty secretary of China Petroleum and Chemical Industry Federation, China's petrochemical industry already accounts for 45 percent of global sales and market share, and is rapidly approaching over half, highlighting its dominant position.

Driven by technological progress and strong supply chains, major Chinese oil and petrochemical firms, including State-owned oil giant China National Petroleum Corp, Sinopec, as well as China National Offshore Oil Corp, are expanding their global presence and aiming for a larger market share, capitalizing on the rising demand for energy transition technologies.

The federation believes that although the trade situation is still

challenging, with numerous obstacles, trade frictions and uncertainties, demand potential for China's petrochemical products in international markets remains significant.

To address challenges in the petrochemical industry, Pang said it is necessary to prioritize energy saving and carbon reduction through process optimization, increase the adoption of renewable energy sources like green electricity and shift toward sustainable raw materials such as biomass instead of traditional fossil fuels.

These approaches represent a multi-faceted strategy for the petrochemical sector to enhance sustainability and reduce its environmental impact, he said.

LIFE

The morning sun shines through carved wooden screens, falling on the petals of a handcrafted peony taking shape under Li Yifan's deft fingers.

The flower is made from a stem of the medicinal *tongcao* plant (rice paper plant) by the same delicate art that once adorned Qin Dynasty (221-206 BC) court ladies, says the Beijing resident in her 40s.

The tradition continued for more than two millennia to the Qing Dynasty (1644-1912).

"I fix it onto modern hair accessories," says Li, as she coaxes delicate white fibers into fragile petals through meticulous pasting, folding, and pressing in the softly lit Yuxun Jingxi, a newly opened shop in the heart of Beijing's bustling Wangfujing area in late March.

A fourth-generation inheritor of this craft, Li says she is proud to revive the ancient art that few people recognize today.

Her ingenious maneuver has enabled the ancient art form to gain traction among an increasing number of contemporary consumers, especially younger generations.

"Before paper existed, our ancestors sliced this stem into sheets thinner than silk," she says as she holds up the sliced snow-white pith of the plant.

What makes the material extraordinary is its chameleon-like quality — translucent enough to mimic cherry blossoms when thinly worked, yet capable of layering into the plump curves of magnolias, she explains.

"They mimic real flowers: natural, biodegradable, and surprisingly durable," Li says with obvious admiration for the art.

"The whole production process makes zero waste, as the entire plant is utilized. We grind the scraps to make pigment with pollen," she notes, adding that the handmade technique hasn't changed throughout history.

Every step requires perfect balance. "Hand pressure must be perfect. Too firm and the material breaks; too gentle and you can't form the curves," she says.

"Interestingly, slightly sweaty hands help. Normally, we have just 20 seconds to shape a petal before drying or it won't hold its shape. But with natural hand moisture, we gain 40 precious seconds for detailing," she adds.

With the opening of Yuxun Jingxi, more products from her delicate touch — ranging from floral rings, brooches and table ornaments blending *tongcao* with modern elements — now gain new attention from the public.

The store was launched by Beijing

Reshaping heritage gives buyers a sense of history

Fourth-generation practitioner shares ancient craft techniques that are evolving to attract younger generations, **Yang Feiyue** reports.



Under the intense gaze of a young enthusiast, artisans from Yuxun Jingxi store in Beijing demonstrate painted enamel technique (left) and the "dotting blue" process in cloisonne production. PHOTOS PROVIDED TO CHINA DAILY

This transforms a museum-worthy technique into a lightweight, wearable pin. It's wildly popular because it turns heritage into something tangible and personal."

Weng Xiang, embroidery craftsman



Online
Scan the code to watch the video.

Gongmei Group, a leader in China's arts and crafts industry, with a history of more than 70 years.

Focusing on integrating intangible cultural heritage and modern consumer needs, the store is designed as a cultural hub that combines intangible cultural heritage workshops, pop-up exhibitions, tea and coffee lounges, and retail.

This diverse mix of offerings is aimed at fostering dialogues between the legacy of traditional arts and the preferences of today's buyers.

"It is more than just a shop. It's a new commercial platform dedicated to intangible cultural heritage, art and innovation. While rooted in Beijing's rich history, Yuxun extends its reach nationwide, incorporating crafts and traditions across China. Every product in the store is intricately linked to traditional crafts-

manship, forming a diverse and immersive experience," says Wang Jingjing, one of the initiators of Yuxun, a brand established in 2023.

Wang says Yuxun Jingxi is the first physical manifestation of the cultural brand and offers a multidimensional space that is "explorable and interactive."

The store showcases a variety of heritage techniques and products, with new additions constantly rotating, she adds.

"On any given day, visitors can witness live demonstrations from artisans, including practitioners of national, municipal, and regional-level intangible cultural heritage, ranging from traditional craft displays to large-scale installations," Wang says.

Next to Li's demonstration table, Weng Xiang, from a Beijing-based

embroidery workshop, has bridged the ancient Jingxiu and modern fashion.

Jingxiu, also known as a palace or Beijing embroidery, originated in the capital city and flourished during the Ming (1368-1644) and Qing (1644-1911) dynasties as an exclusive craft for the imperial court, adorning royal robes, ceremonial objects and palace decorations.

"We carefully extract motifs from classical pieces of imperial embroidery, then reimagine them with modern aesthetics. For example, our gold-embroidered earrings and brooches are made from repurposed fragments of heritage patterns," Weng says.

At the shop, she presents items like a flying swallow pin, which was shaped first through traditional gold-wrapped thread embroidery —

a luxurious Chinese needlework technique where real gold foil or gilded threads are meticulously coiled around silk strands — and then stitched the motif onto calfskin backing to create dimension.

"This transforms a museum-worthy technique into a lightweight, wearable pin. It's wildly popular because it turns heritage into something tangible and personal," Weng says.

The designer has worked with her team to research auspicious symbols and reinterpret them with contemporary relevance.

"Every piece carries forward ancestral craftsmanship while meeting modern demands for versatility and style," she says.

Her team has also used Chinese wordplay to create designs that resonate with younger generations, such as peach patterns for longevity and butterflies for arriving fortune.

The hurdles in the transition are technical and philosophical.

A single swallow requires 1-2 days of hand embroidery by masters with decades-long training, she says.

But the bigger leap was transforming 2D embroidery into 3D wearables. The team has experimented repeatedly to determine which backing materials to use to preserve luxury while ensuring comfort and how to scale craftsmanship without losing authenticity.

"Before, these stitches were behind glass. Now, when someone wears our swallow pin, they're not just accessorizing — they're keeping 600-year-old techniques alive through daily use. That's how tradition evolves to become relevant again," Weng says.

According to brand initiator Wang, while Yuxun initially operated as an online platform, the decision to establish a brick-and-mortar store was driven by the need to bridge the gap between digital browsing and tactile experience.

"Online, consumers were drawn to heritage-inspired creative products but often lacked the true sense of their textures, materials, and craftsmanship. The brick-and-mortar store solves this by offering hands-on interaction, allowing customers to appreciate the artistry up close," she says.

In the future, the shop's product selection will continuously adjust based on seasonal changes, consumer demand, and emerging trends.

"The exhibition area will frequently host different types of cultural showcases, from traditional craftsmanship to contemporary art, ensuring that the space remains a living, breathing testament to cultural evolution," Wang says.

Contact the writer at yangfeiyue@chinadaily.com.cn



Li Yifan makes handcrafted flowers with rice paper plant.



A visitor experiences cloisonne making at the store.



Earrings and brooches featuring Beijing embroidery motifs.

Peking Opera performer cultivates an eye for art's beauty

By **XING WEN**
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Nearly every month, Zhou Li, deputy director of the Chongqing Peking Opera company, leads her troupe to local schools and colleges for Peking Opera workshops.

These sessions feature introductions to the art's historical stories, hands-on vocal training, and performances of classic excerpts.

A Peking Opera practitioner since age 10, Zhou earned the Plum Performance Award in 2013, China's top honor for traditional Chinese theatrical art. She sees traditional Chinese opera as a powerful tool for students' aesthetic education.

"Peking Opera's visual splendor cultivates an eye for beauty while its morality-driven narratives nurture character," she explains.

Last year, Zhou and her troupe organized 27 school outreach events and regularly held Peking Opera camps, allowing students to experience the art up close.

"Many came in with little knowl-

edge of Peking Opera," she recalls. "As we revealed its artistry step by step, their faces transformed from bewilderment to concentration, then to bright-eyed fascination and, finally, joy. That shift was moving."

Zhou, 49, sees the art as forging resilience in youth, with her own life as proof.

At 10, she enrolled in a local arts school at her father's suggestion.

"I had no grasp of Peking Opera then, I just adored the actresses' dazzling headdresses," she recalls. "That childish fascination started my journey."

The path proved harder than imagined. While her peers played freely, she endured years of predawn training including leg splits, backbends, and strict diets to maintain a performer's physique.

She joined the Chongqing Peking Opera troupe in 1993.

"Zhou was gifted — bright, composed, and perceptive," comments Sun Zhifang, a veteran performer of the company.



Left: Zhou Li portrays Qin Liangyu in a classic Peking Opera piece.



Right: As a national political adviser, Zhou is dedicated to promote traditional Chinese opera education. PHOTOS PROVIDED TO CHINA DAILY

"Her edge was her grit. She trained relentlessly and refused to quit."

Zhou attributes this tenacity to her formative years: "The opera's rigor instilled endurance in my bones."

Her dedication led to her admission into the National Academy of Chinese Theatre Arts' elite graduate program in 2004. Soon, she starred in classics like *Yang Silang Visiting His Mother* and *The Mirror of Fortune* (Qiankun Pushou Jing).

"In Peking Opera, every gesture, every glance, conveys the world's exquisite beauty," she reflects.

"When you pursue such perfection, you never grow weary or lonely. Even without applause from others, the art itself brings joy."

Her passion remains undimmed: "To this day, stepping onstage electrifies me."

Zhou is a member of the 14th National Committee of the Chinese People's Political Consultative Conference, where she is dedicated to promoting traditional Chinese opera education.

Meanwhile, the Chongqing Peking Opera company has been actively staging Peking Opera productions.

In 2019, it successfully reconstructed the long-lost classic *Qin Liangyu*, which premiered in the 1920s by legendary *dan* (female character) master Shang Xiaoyun.

In late 2023, the company collaborated with the Chengdu Peking Opera Research Institute to create a new production titled *Xue Tao* based on the life of a Tang Dynasty

(618-907) female poet of the same name.

The innovative production caters to younger audiences by creating ethereal visuals with ink-wash painting-inspired lighting and color palettes and using holographic projections that trace the protagonist's dramatic life journey.

"Our primary responsibility is producing excellent works that keep pace with the times. A theater company's true cohesion comes from three pillars — quality plays, skilled performers, and a robust repertoire," Zhou says.

Additionally, they are planning to open an experience center that will feature a 200-square-meter performance space for regular Peking Opera highlights with an exhibition area displaying the distinctive costumes and makeup styles of different roles, according to Zhou.

"Visitors then can drop by anytime to explore and interact with the performers, experiencing the beauty of Peking Opera firsthand," she says.

LIFE

Nature's beauty treatment

In the vast, open grasslands of Tianzhu Tibetan autonomous county, where the air is crisp and the horizon stretches endlessly, white yaks roam like billowing clouds across the plateau.

For Danmaji Niu, born and raised in the area, these majestic creatures, unique to this region, are not just a symbol of her hometown but a source of inspiration and the foundation of her natural soap enterprise Yakma Body Care.

In a small workshop nestled in the county, Northwest China's Gansu province, several Tibetan women have been transforming raw natural ingredients into exquisite bars of yak milk soap for the past nine years.

Their hands move gracefully as they measure, mix, and mold, based on their expertise and artistic imagination.

"It starts by meticulously calculating and measuring the ingredients, including pure, fatty yak milk, food-grade coconut oil, and other natural ingredients, ensuring a perfect balance for each batch," says Niu, in her 30s.

After the milk is gently stirred in with the oils, the mixture undergoes saponification, during which those women carefully monitor the mixture, occasionally stirring with steady hands to ensure even consistency.

As the mixture reaches the perfect texture, it is then modeled by hand into a variety of shapes, ranging from mountain peaks or flowers, which are all reflections of these craftswomen's inspirations from the natural surroundings.

"Our yak milk is rich in fat, making the soaps incredibly moisturizing and smooth. We have developed an expanding group of loyal consumers who value quality, sustainability, and natural ingredients," Niu says.

To better meet market needs, Niu has developed five product lines with a partner and uses distinctive local ingredients, such as Himalayan pink salt for antibacterial properties.

"My ultimate goal all along has been to create a sustainable business that not only brings the best of my hometown to the world, but also empowers our community and preserves its heritage," explains Niu.

Niu grew up surrounded by the rhythms of pastoral life. Her childhood was shaped by the slow, deliberate pace of the grasslands, where herding yaks and gathering around the hearth for yak milk tea were daily rituals.

Her grandmother used to encourage her to "study hard and one day leave these snow-capped mountains to see the world."

Buoyed by this encouragement, Niu worked harder than her peers and stood out in class.

In 2008, she initiated a water supply project in Tianzhu after finishing a project design and development program at Qinghai Normal University in neighboring Qinghai province.

"Winters in my hometown were harsh, with water sources freezing and people struggling to access water for themselves and their livestock," Niu says, adding that women had to spend hours fetching water from distant springs.

She proposed a project to install pipes that would bring water directly from the springs to each household, benefiting 60 families and a primary school.

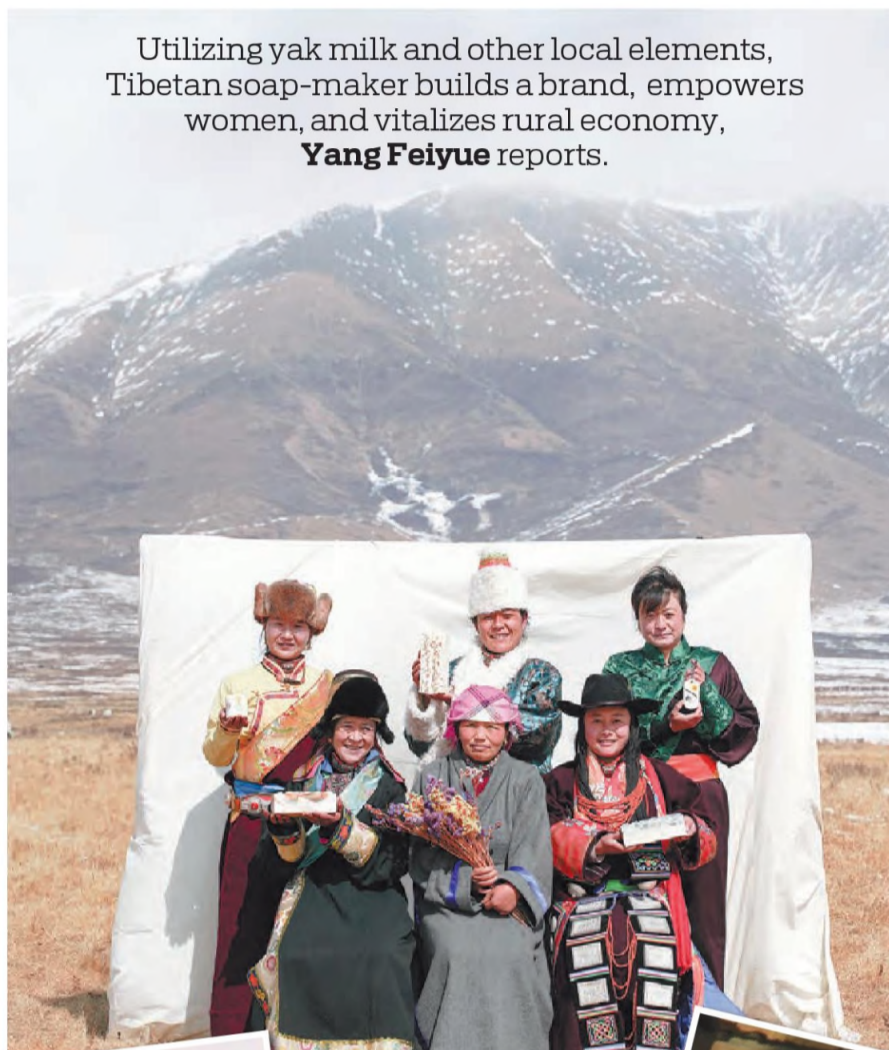
However, securing funds wasn't easy.

"I was only 19 at the time, and many people doubted I could pull it off. My parents were especially worried, fearing I was making false promises that would reflect poorly on our family," she recalls.

But with the support of her teachers, she wrote a grant proposal that was eventually funded by East China Normal University in Shanghai.

Ultimately, the project panned out and has immensely benefited her community.

Utilizing yak milk and other local elements, Tibetan soap-maker builds a brand, empowers women, and vitalizes rural economy, Yang Feiyue reports.



Above: Tibetan women pose with white yak milk soap they made and natural herbal ingredients. **Left and Right:** The soaps are in various shapes that are a result of their creativity. **Below:** A woman milks a yak at Tianzhu Tibetan autonomous county, Gansu province. PHOTOS PROVIDED TO CHINA DAILY



The success of the project brought Niu a great sense of achievement and planted in her seeds of desire for community work.

Niu subsequently launched several other community-based initiatives, including a solar energy program and village women's health projects for medical education and checkups.

In 2012, Niu received an opportunity to study in Australia. This marked a turning point in her life.

"When I first arrived in Australia, I stayed with an elderly couple who owned a large ranch," Niu says.

"Helping them tend to their cattle on weekends felt like being back home in Tianzhu. But what struck me most was how Australians valued organic, natural products. It made me realize that my hometown, with its pristine environment and traditional way of life, was already living in an environmentally responsible way," she says.

After finishing her studies, she came back to Tianzhu and established Yakma in 2016 with co-founder Tashigar, with a vision to produce all-natural skincare products using yak milk and local herbs.

Starting with just three women from her community, the business has since grown to employ over a dozen local women, many of whom are over 40 years old.

These women, once confined to traditional roles, now earn a steady, stable income, working five to six hours a day.

One of Niu's proudest achievements has been the positive effect on the lives of the Tibetan women who work in the workshop.

"Many of them were initially shy and unsure of themselves," she admits.

"But through their work, they've gained confidence and creativity. Some even suggest new ideas, like incorporating more local elements into our designs."

Duo Yang, who joined Yakma more than five years ago, says it feels great to get recognition from people around her.

"I never had a chance to share my ideas before, but here I have been able to show my initiative and creativity," says the woman in her 30s.

Caogaji, in her 40s, has been in charge of making soap packages for several years at Yakma. "I have time on my hands and I'd like to help bring in extra money for my family," she explains the reasons behind her joining in.

"Plus, I now have a fulfilling life because of the project," she adds.

To date, Yakma products have gained recognition in China. Over the past year, the brand has seen a 40-percent growth in sales, driven by increasing demand for safe, natural and sustainable products.

"Consumers today care deeply about quality, health, and the environment," Niu notes.

"They want to know the ingredients and how they benefit their skin. This aligns perfectly with our mission," she says.

Niu says she and the team will integrate more Tibetan cultural elements into Yakma products, and find more connection points between traditional cultures and modern consumer needs.

For Niu, Yakma is more than a business: It's a bridge between urban and rural China.

"Many people think rural areas are backward, but I believe they hold untapped potential," she says.

"We need to return to our roots and discover the treasures hidden in our hometowns."

Niu's advice for young entrepreneurs from rural areas is to "start with what your hometown has to offer, understand its resources and culture, and then find a way to connect them to the market."

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Pocket-friendly coffee creates big buzz in smaller towns

ZHENGZHOU — As China's county economies continue to thrive, more customers from lower-tier cities and towns are seeking affordable and high-quality coffee drinks.

In a small town of Huojia county in Central China's Henan province, a Lucky Cup cafe, with an average order price of 6 yuan (\$0.83), draws a steady stream of customers.

"We use three rolls of receipt paper and 5 kilograms of coffee beans on average every day," says Wang Zechang, head of the cafe. In less than 10 months, the cafe has already generated nearly 800,000 yuan in turnover.

Wang has opened two cafes in the county, and plans to launch two more this year to meet rising demand.

Founded in 2017, Lucky Cup is dedicated to deliver high-quality yet affordable coffee, and is a coffee chain under beverage giant Mixue Bingcheng. The chain has since expanded to over 5,000 outlets nationwide, with 61.5 percent located in third-tier or smaller cities, according to its regional manager Ge Shihao.



A cafe at Diaoyuan ancient village in a town under Ji'an city in Jiangxi province. XINHUA

As coffee consumption habits take root, first- and second-tier cities have seen a saturation of coffee shops. Now, the spotlight is shifting to smaller markets. "Third- and fourth-tier cities are the next 'blue ocean' for the coffee industry," says Shi Jun, secretary general of the coffee professional committee of the Shanghai Food Association.

International brands are also diving into these emerging markets, as one such brand reported in its fiscal first quarter of 2025 that it had entered over 1,000 county-level markets across the mainland.

Data from e-commerce platform Meituan show that in 2024, coffee delivery orders in county-level areas for established brands had surged by 97 percent, while the number of coffee shops soared by 159 percent.

According to food industry analyst Zhu Dampeng, residents in around half of China's counties and townships have already developed a basic "coffee consciousness." However, many still associate coffee drinking with upscale consumption, often assuming prices to be around 30 yuan per cup. "The emergence of affordable coffee options of good quality has successfully tapped into and activated latent demand," Zhu says.

In addition to flavor and affordability, coffee has also taken on emotional significance. On social media platform RedNote, the hashtag #GoodCoffeeInSmallTowns has racked up over 9 million views, with netizens sharing artfully staged photos and recommendations for hidden-gem cafes.

The rise of cost-effective coffee relies on streamlined supply chains and advanced logistics systems, which combine to improve operational efficiency and cut down costs. According to Wang, Lucky Cup can source coffee beans of equal quality at a cost of around 30 yuan per kilogram lower than the market price.

Consultancy firm McKinsey predicted that by 2030, county economies would account for more than 66 percent of China's personal consumption growth.

The booming coffee scene in small towns is not only a testament to rising disposable incomes but also a signal of evolving consumer trends in China's lower-tier markets, says Zhu.

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