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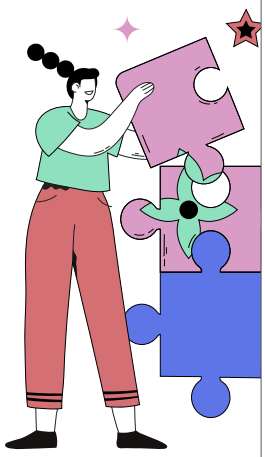

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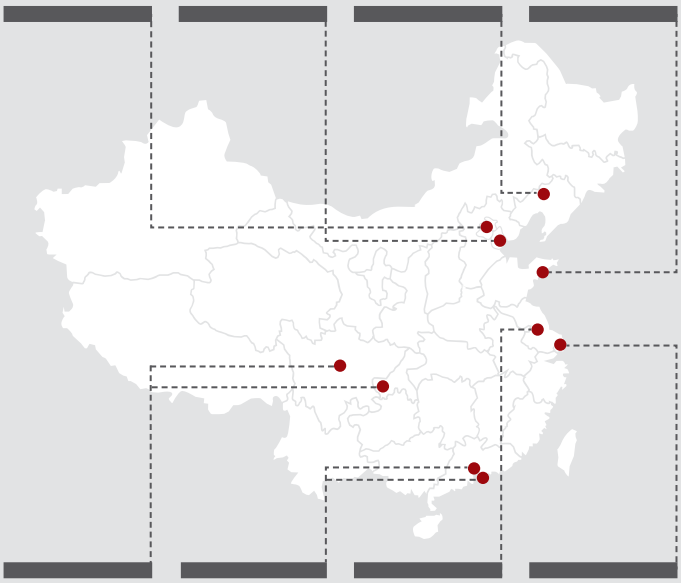

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President's Foreword

A summer of engagements

Jens Eskelund

President

European Union Chamber of Commerce in China

We started this year with concerns over what 2026 might bring for European Union (EU)-China relations. The winter was frosty, though a handful of Member States attempted to break the ice with meetings in Beijing that focussed strictly on their bilateral ties with China.[1]

Then came spring and European officials—increasingly weary of the bloc's mounting trade imbalance with the Asian giant—entered into lengthy discussions over EU-China relations, reenforcing the approach of "de-risking, not decoupling".[2]

Meanwhile, amid concerns over its dependencies and exposure to third-market trade measures—fueled most recently by the United States-China trade war, that saw Europe suffer substantial collateral damage—the EU has also started looking into ways of safeguarding its autonomy and economic security. Proposals, including the Industrial Accelerator Act, have been met with growing criticism from Beijing, with the Chinese Government accusing Brussels of trade protectionism.

The summer, in more ways than one, turned the heat up on Europe. The EU-China Trade and Investment Consultations in Brussels provided a bit of a cool breeze of relief: the two sides agreed to a three-month window to work out practical solutions to imbalances in their bilateral trade and investment, among other key areas of concern.

Time is now of the essence, as imbalances continue to grow. How the two sides approach these talks will be decisive for their outcome; therefore, it is crucial to find common ground. We believe that the concerns raised by Europe may serve precisely as that common ground.

For decades, self-reliance and economic security have been at the focus of China's policies. Europe's current concerns about the continent's autonomy and economic security are not fundamentally different, which is why China should not react with anger. European calls for diversification do not go nearly as far as the Chinese insistence on self-reliance across many industrial sectors spanning technology, energy and agriculture. Mitigating overreliance on a single market through diversification is a measured common-sense approach to ensuring economic security and it should not be misinterpreted as a threat to global free trade.

Finding solutions and avoiding an escalation is in the interest of both sides, and we believe shared concerns should serve as a platform for frank discussions, instead of being treated as a point of contention. The European Chamber will continue to play a constructive role by providing balanced insights to both sides on the challenges and opportunities that European companies encounter in the Chinese market.

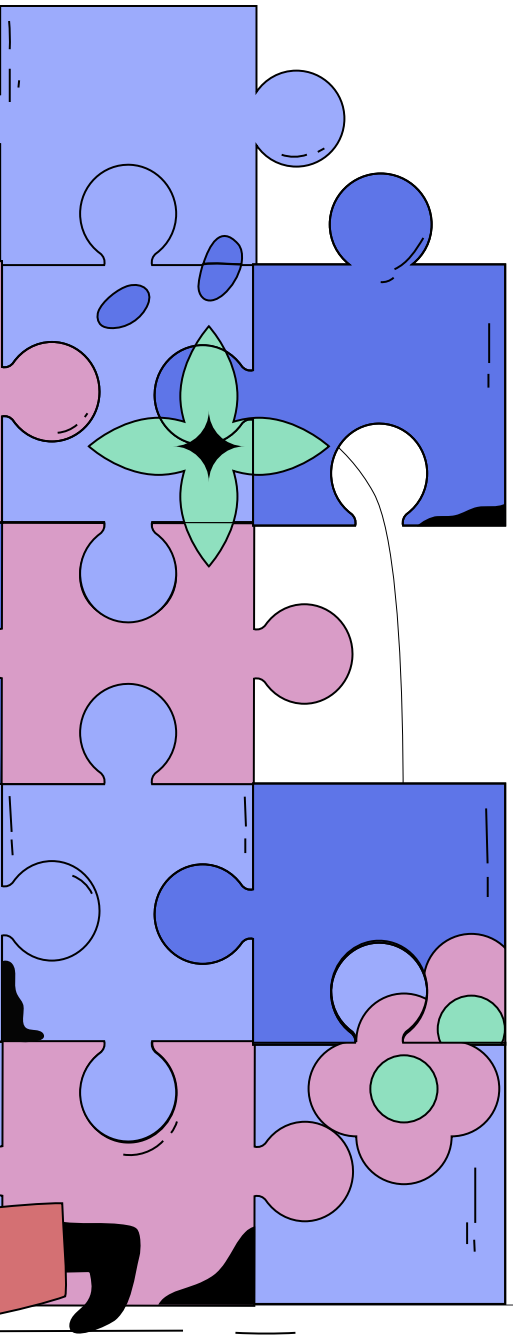
[1] In January, Irish Prime Minister Micheál Martin and Finnish Prime Minister Petteri Orpo paid official visits to Beijing, followed by German Chancellor Friedrich Merz in February.

[2] *Read–out of the College orientation debate on EU–China relations*, European Commission, 29th May 2026, viewed 14th July 2026, <https://ec.europa.eu/commission/presscorner/detail/en/read_26_1201>

IP strategy under China's 15th Five-year Plan: National rules and local implementation

European firms headquartered in Shanghai have already started witnessing tangible shifts to intellectual property (IP) policy introduced as part of China's 15th Five-year Plan (2026–2030) (15FYP), yet the full set of new IP rules, enforcement priorities and industry obligations apply uniformly across every province, tier-one and tier-two city nationwide. Focussing on Shanghai, **Francesco Marano** and **Claudio Di Marino** explain how the 15FYP's IP pillars will force foreign businesses to rebuild their brand, patent and copyright compliance roadmaps to match Beijing's strategic targets.

For decades, foreign investors viewed Shanghai as a benchmark of streamlined IP administration, with regular municipal roundtables, annual intellectual property rights (IPR) briefings and dedicated working groups open to European Chamber representatives. This structured consultation model, long limited to the Yangtze River Delta, is now being rolled out nationwide as part of the 15FYP's core IP pillars – a clear benefit for operators based in inland provinces. At the same time, the full unification of national enforcement standards



accompanying this reform forces small and medium-sized enterprises (SMEs) and multinationals alike to rebuild their brand, patent and copyright compliance roadmaps to match Beijing's central strategic targets. Rooted in the overarching policy shift away from pure quantitative gross domestic product (GDP) growth toward technological self-reliance, supply chain security and high-quality domestic consumption, the new five-year agenda reshapes every stage of foreign IP management, from trademark registration and patent filing to post-grant enforcement, local research and development (R&D) requirements and cross-border 'well-known mark' recognition. Drawing on stakeholder feedback collected during Shanghai's 2026 municipal IP consultation events, this analysis breaks down the key national IP mandates embedded in the 15FYP, outlines practical engagement channels available to European businesses starting locally in Shanghai, and delivers six actionable compliance steps adaptable for operations anywhere across mainland China.

To fully grasp the IP framework laid out in the 15FYP, it is helpful to contrast its priorities against the three preceding national development blueprints. The 13FYP (2016–2020) focussed on poverty reduction and baseline R&D expansion, setting a target of 2.5 per cent of national GDP spent on R&D; the 14FYP (2021–2025) pivoted toward dual circulation and early-stage tech autonomy, rolling out the first wave of stricter IP audit rules for foreign manufacturing firms. The 15FYP builds on those foundations with a far more targeted, security-focussed IP agenda centred on six non-negotiable pillars: technological sovereignty over semiconductors, artificial intelligence (AI), biotech and intelligent new energy vehicles; deep expansion of advanced manufacturing

“The 15FYP builds on those foundations with a far more targeted, security-focussed IP agenda centred on six non-negotiable pillars.”

protected by domestic and foreign patents; stimulation of domestic consumption reliant on authentic registered brands; accelerated nationwide energy transition supported by green tech IP safeguards; end-to-end supply chain IP security; and selective high-level opening balanced with strict cross-border data and compliance know-how. Unlike previous plans that left significant regional discretion to local authorities, the 15FYP standardises core IP enforcement standards, meaning trademark squatting crackdowns, patent invalidation timelines and penalties for misleading branding will operate on identical criteria in Shanghai, Chengdu, Guangzhou and all inland industrial zones across mainland China.

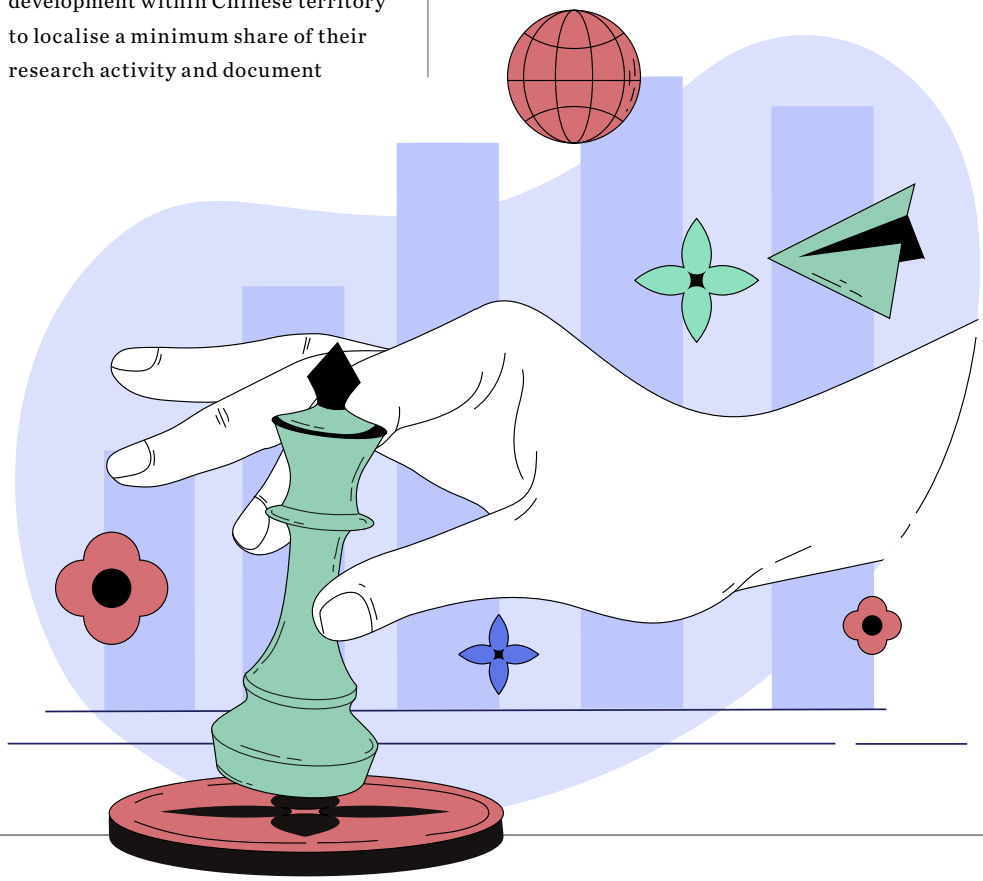
For European brand owners, the most visible 15FYP IP reform already active in Shanghai and rolled out nationally via the updated 2026 Trademark Law centres on aggressive suppression of bad-faith filings and 'zombie' unused registrations. Aligned with the 15FYP's goal to clean up the domestic trademark registry and protect genuine foreign and domestic brand holders, the China National Intellectual Property Administration's (CNIPA's) new ex officio three-year non-use

cancellation power[1] — trialled first in Shanghai's Pudong IP court before national rollout—eliminates the old system where companies had to submit individual petitions against every squat mark blocking market access. The 15FYP policy guidance explicitly directs all local IP bureaus to ramp up administrative fines for hoarding unused trademarks, matching the Chinese yuan (CNY) 100,000 cap for individual bad-faith filers and CNY 200,000 penalties for IP agencies that facilitate abusive registrations outlined in the revised statute. Shanghai's municipal IP commission hosts quarterly stakeholder roundtables exclusively for European business groups to share examples of local squatting disputes, and these same consultation mechanisms are now mandated for every provincial authority under the five-year roadmap, giving foreign operators outside Shanghai formal channels to submit policy feedback locally.

A second landmark IP objective written into the 15FYP is equal cross-class anti-dilution protection for unregistered, well-known foreign trademarks,[2] a policy first piloted in Shanghai luxury retail districts before becoming a nationwide statutory provision under Article 21 of the new Trademark Law. Consistent with China's alignment with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) provisions referenced in central planning documents, the reform removes the historic barrier that restricted far-reaching brand protection only to fully CNIPA-registered marks. As outlined in official Shanghai municipal briefing materials released in early 2026, European fashion, automotive and premium food brands operating in Yangtze River Delta cities can now secure formal well-known mark certification from the CNIPA to use as binding evidence in overseas litigation – a new administrative pathway directly created to fulfil the 15FYP's target of supporting both domestic and foreign firms with global market footprints. While Shanghai maintains a dedicated fast-track review window for European brand recognition applications, the certification scheme is accessible to all foreign companies operating in any Chinese region, removing the prior geographic advantage of eastern coastal hubs.

The 15FYP also introduces sweeping new R&D and patent compliance obligations tied to the national technological self-reliance agenda – rules equally enforced in Shanghai industrial parks and inland manufacturing bases. Central planning documents require foreign investors conducting core product development within Chinese territory to localise a minimum share of their research activity and document all generated patents for annual IP audits; Shanghai's local authorities have published simplified audit templates for European SMEs, a resource now replicated by all regional IP bureaus as part of the unified national implementation toolkit. Sectors prioritised under the 15FYP—industrial automation, green energy equipment, medical devices and premium agri-food manufacturing (key European export strengths)—face heightened patent examination standards, with examiners instructed to prioritise real working utility over generic design filings to reduce low-value patent clutter.

Motion mark registration, another 15FYP-aligned IP upgrade, responds to the rapid expansion of China's digital economy. Animated brand logos used widely by European technology, fashion and streaming brands are now statutorily registrable nationwide, following a pilot



[1] New authority granted to CNIPA under the 2026 revised Trademark Law. Previously, third parties alone could file requests to cancel unused trademarks; regulators may now launch cancellation proceedings autonomously against registrations unused for three consecutive years without valid commercial justification, and without waiting for an external petition.

[2] Unregistered, well-known foreign trademarks: Marks widely recognised by consumers inside China, even without a CNIPA registration. Under Article 63 of the 2026 revised Trademark Law, authorities assess five statutory factors to confirm well-known status: (1) public awareness of the mark nationwide; (2) duration, geographic reach and scale of its commercial use in China; (3) length and coverage of local advertising campaigns; (4) prior domestic IP enforcement records for the brand; and (5) additional market reputation evidence. Recognition is granted passively, case-by-case, either administratively by the CNIPA during trademark examinations or judicially by specialised IP courts during civil litigation. The 2026 reform extends cross-class anti-dilution protection to these unregistered marks for the first time.

registration window run by Shanghai's IP office throughout late 2025. The 15FYP's digital innovation mandate demands consistent classification standards for dynamic visual marks across all regional registry branches, eliminating inconsistent local interpretation that previously created compliance headaches for brands operating across multiple provinces. Additional procedural changes mandated under the five-year roadmap include the shortened two-month opposition period for new trademark filings, a rule trialled in Shanghai to speed up administrative workflows and that is now binding for every CNIPA branch nationwide, forcing European IP teams to implement weekly registry monitoring regardless of their base city.

Misleading or deceptive 'scheming marks' also fall under the 15FYP's strict IP enforcement agenda, with Article 56 of the revised Trademark Law delivering harsh penalties across all regions. The central government's planning text explicitly targets branding that misrepresents product origin, manufacturing standards or environmental credentials – a critical risk for premium European goods sold nationwide through e-commerce platforms headquartered in Shanghai. The removal of the 'serious circumstances' threshold for full trademark cancellation means local regulators in any city can order complete registry removal for deceptive marks, backed by fines of up to five times of illegal turnover or CNY 250,000 where turnover cannot be traced. Shanghai's annual IP compliance conference hosts dedicated breakout sessions for luxury and consumer goods firms covering audit protocols for packaging and online visual assets, and training materials are freely distributed to all regional IP authorities for national stakeholder briefings.

To align internal IP operations with the 15FYP's unified national framework—whether a company's regional hub is in Shanghai, Shenzhen or a central inland city—European businesses can follow a six-step practical roadmap built from municipal guidance documents trialled in Shanghai and rolled out countrywide. First, conduct a full portfolio audit of all CNIPA trademarks and patents to identify unused assets vulnerable to ex officio cancellation under the three-year rule, compiling complete sales and marketing archives to submit during regulator spot checks. Second, set up weekly monitoring of local CNIPA databases to comply with the shortened two-month opposition window, using the free online alert tools launched by Shanghai IP Bureau and now available nationwide. Third, evaluate eligibility for CNIPA well-known trademark certification to strengthen cross-border dispute evidence, leveraging formal consultation channels managed by the European Chamber of Commerce's IPR Working Group. Fourth, complete a full review of all product packaging, e-commerce visuals and retail branding to eliminate any wording or imagery capable of misleading domestic consumers, aligned with Article 56 enforcement standards. Fifth, revise all local IP agency contracts to include liability clauses matching the national administrative penalty schedule for bad-faith filing assistance, a template shared at Shanghai's 2026 municipal IP roundtable. Sixth, formalise internal R&D tracking protocols to document all locally generated patents, meeting the 15FYP's mandatory annual IP audit requirements for technology and manufacturing investors.

Taken as a complete regulatory package, the intellectual property measures embedded in China's 15FYP deliver clearer, more consistent brand and patent protection standards across the whole China market, while simultaneously raising uniform compliance burdens for all European investors, regardless of the location of their regional headquarters. Shanghai acts as a practical testbed and information hub for foreign firms to access official consultation channels, simplified audit resources and cross-industry stakeholder feedback – yet every enforcement rule, administrative procedure and strategic obligation outlined in the national roadmap applies identically from the Yangtze River Delta to western industrial zones. Until full supplementary CNIPA implementing regulations clarifying remaining grey areas around 'adverse market impact' criteria are released late in 2026, European businesses based in Shanghai or other regions are advised to attend local IP roundtables and complete a full portfolio review to minimise exposure to fines, invalidation actions and audit non-compliance risks. Regular registry monitoring and systematic archiving of all brand and R&D documentation remain the most reliable long-term approach to align European IP strategies with the full five-year national development agenda.

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CPO & Partners is an Italian-founded international tax and legal consultancy active in China since 2007. Its multilingual team of chartered accountants and legal practitioners delivers integrated advisory covering corporate set-up, tax compliance, IP portfolio management and cross-border investment structuring, supporting European SMEs and multinationals to align operations and compliance across all Chinese regions and overseas shareholders.

BEYOND THE HYPE

Humanoid robots in real business environments

The word 'humanoid' sounds exciting and futuristic. For many people, it suggests a robot that can think and act like a human in almost any situation. In reality, the term usually means something much narrower: a robot with a somewhat human-like appearance, such as an upright torso, two arms and two legs. But the resemblance is mostly physical. It does not mean human-level intelligence, adaptability or dexterity. This distinction is not academic – it is a business issue. If companies expect humanoids to perform like experienced workers across changing real-world tasks, they are likely to be disappointed. **Gianluca Giorgi** says that companies should instead identify where real value lies today and where value may emerge tomorrow.

In the past two years, humanoid robots have started to be written about in mainstream business publications. Large companies have made bold announcements and startups are pre-selling 'android' assistants, giving the impression that a big technological shift is underway. In part, a big change is certainly happening: current robots are better at walking, balancing and performing selected manipulation tasks than their predecessors. Artificial intelligence (AI) has improved robots' planning and behaviour generation. Hardware has matured. Deployment pilots are real—and in some reported cases, no longer just pilots—with multi-shift operations beginning to appear in controlled factory settings.

However, leading experts still acknowledge that reliable performance in open, variable environments remains hard. Even tasks people consider ordinary—like navigating stairs and through doors—are still problematic for current robots. So while humanoids have improved significantly, their current limitations prevent widespread adoption.

The expectation gap is one of the biggest risks

As humanoids look somewhat like us, we expect them to function like us. Humans adapt continuously through touch, balance, force feedback and experience. We compensate for uncertainty almost automatically. Robots do not yet do this with the same flexibility. That is why business decisions should not be guided by appearance or headline narratives. They should be guided by operational questions:

- What is the exact task that needs completing?

- Under which conditions?
- At what level of reliability?
- At what full system cost?
- Would this machine/system make it better and cheaper than a human in the long term?

Why simple tasks are still difficult

People often ask: if AI has advanced so much, why are stairs and doors still such a challenge for humanoids? However, these tasks are not simple in physical terms. A stairway varies in geometry, friction, wear, obstacles and lighting. A door varies in handle type, resistance, hinge behaviour, timing and surrounding space. For humans, these variations are routine. For robots, they require constant adjustments to control of movement and force – something that current humanoids are not equipped for.

What truly changed: learning + hardware

A major shift did happen, but it came from a combination, not a single breakthrough. Reinforcement learning helped robots learn movement policies that were difficult to program manually. Yet reinforcement learning has existed for years. Earlier systems often failed because hardware could not tolerate mistakes when policies met messy reality.

Progress accelerated when better actuator systems entered the picture, including proprioceptive, quasi-direct-drive electric actuators pioneered by researchers. These systems improved controllable compliance and force transparency, helping robots absorb disturbances and transfer learned behaviours more robustly from simulation to real operation. In simple terms: learning made robots smarter about movement; hardware made that learning practical.

The force-control problem is still central

Classical force-control methods have long worked well in fixed industrial automation and they also help with humanoid locomotion. But broad generalisation across many tasks and environments remains difficult.

Quasi-direct-drive actuators simplified parts of this challenge by improving how motor current maps to force. In some contexts, motors can provide force-related feedback directly, reducing dedicated sensing complexity. But this only goes so far. Humanoid platforms are still relatively stiff and heavy compared with human bodies. That means higher inertia and less natural compliance. In delicate tasks, small errors can become large force mistakes. Think of carrying a bag of sand versus carrying a soap bubble: both are 'objects to transport', but one requires far more careful force regulation than the other. Without better force-aware behaviour, precision tasks in complex environments remain challenging.

Why many robots move slowly during contact tasks

A common practical workaround is speed reduction. Many advanced systems perform dynamic movement impressively when not in contact with objects, yet slow down significantly during manipulation. This is intentional. Lower speed reduces momentum, making force errors less severe and control easier.

It is effective and often necessary. But it is not equivalent to human-like dexterity at human speed. It is a bridge strategy while force intelligence and compliant control continue to improve.

The current role of AI

Vision-language-action models and related multimodal AI systems have

clearly expanded what robots can do. They can connect perception, language instructions and action planning in a more general pipeline than traditional hard-coded stacks.[1] This marks a major step forward.

Still, many current methods are heavily position focussed: moving from one pose to another. Full mobile dexterity requires more nuanced control over contact forces. Many of the signals needed for robust force reasoning are not fully captured in standard video or demonstration datasets.

So larger models and more data will help, but many researchers believe additional force-centred advances are required.

Get smart or start over?

Most experts expect progress to come from new blends of hardware and software, not one dramatic discovery. Better tactile sensing, lower-inertia actuation, improved robotic hands, and better learning frameworks for force-rich behaviour could all help. Few believe that major material breakthroughs are required immediately; the challenge is integration and control of intelligence.

There is an active debate on strategy:

- scale up large pretrained behaviour models and large-scale data collection;
- combine reinforcement learning with explicit compliant-force objectives; or
- redesign architectures so physical fundamentals are learned more deeply from the start.

Different schools of thought will likely coexist for some time – this is normal in a fast-moving field.

What stands out is that progress is partly empirical: robots are getting better, even where full scientific understanding is still incomplete. That does not invalidate the progress, but it does require humility in forecasting.

The economics today: two different playbooks

For entrepreneurs, current constraints are real, but market strategies differ by supplier.

1) Cost-and-scale-first strategies (common among Chinese manufacturers)

Many China-based platforms compete on faster iteration, lower unit cost and quicker routes to deployment. Publicly discussed pricing for some industrial humanoid configurations is above euro (EUR) 120,000 per unit, while real-world productivity in early deployments is frequently still below full human throughput. A planning assumption of around 40 per cent of human efficiency is not uncommon for early-stage tasks, though results vary.

Even so, this strategy can still work commercially when the objective is rapid learning, scale-up and cost reduction over time.

2) High-specification selective strategies (more common outside China)

Some non-Chinese platforms follow a different path: higher upfront specification, higher price and a slower, more selective rollout, often aimed at applications where the cost of a single failure is high enough that buyers will pay a premium for proven reliability. Typical examples include environments with chemical or thermal exposure, certified safety requirements, or tasks where the alternative is sending a person into genuinely dangerous conditions. In these segments, capability and risk reduction tend to matter more to the buyer than fast payback.

Across both camps, independent industry estimates often place current humanoid productivity somewhere in a broad 30–70 per cent range of human throughput, depending heavily on task structure, environment predictability and level of supervision.

The lesson is not that one region is always better. The lesson is: benchmark by task fit, not by a single headline number. In many cases, 'mixed fleets'[2] may eventually become the practical answer.

The hidden bottleneck: adaptation time

One constraint appears across nearly all platforms: retraining and stabilisation time.

Teaching and stabilising a humanoid for a new industrial activity can still take many months in real deployments, often ranging from several months to roughly 10 months end-to-end, depending on task complexity and how mature the manufacturer's tooling is. Training a human worker for a related operational task may take about a day.

This adaptation-speed gap is one of the most important hidden costs in robotics programs. It affects flexibility, responsiveness and total return on investment. It also explains why humanoids are currently strongest in repetitive, stable tasks – and weaker in environments where duties change quickly.

One aspect that is often neglected is the human side of digital transformation. Adoption rates by employees are failing at rates as high as 70 per cent because companies forget the human factor.[3]

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[1] Traditional hard–coded stacks involve engineers writing code for each scenario, i.e. a robot's entire behaviour is pre–programmed.

[2] Humans and humanoid robots working together to complete tasks.

[3] *Common pitfalls in transformations: A conversation with Jon Garcia*, McKinsey, 22nd March 2022, viewed 20th August 2026, <https://www.mckinsey.com/capabilities/transformation/our-insights/common-pitfalls-in-transformations-a-conversation-with-jon-garcia>

Why China remains strategically important

For European companies in China, this creates both opportunity and urgency. China offers a strong mix of manufacturing depth, supplier density, rapid iteration cycles and broad automation demand. That makes it one of the most practical markets to test humanoids at an operational scale and to learn quickly with local partners.

There is also a structural economic trend: labour costs have risen in many sectors in recent years, due to working preferences and demographic decline, while robotic hardware costs are expected to fall over time. Even without a dramatic scientific breakthrough, that trend can gradually improve automation economics.

The strategic advantage will go to companies that learn early and systematically:

- picking the right first tasks;
- instrumenting outcomes properly;
- improving reliability cycle by cycle; and
- creating performing hybrid (human-robot) teams.

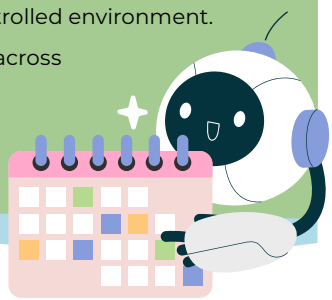
By the time costs decline further and capabilities mature, early learners are likely to hold a meaningful operational lead.

Where humanoids make sense

Near-term viability is strongest in structured, repetitive, measurable workflows, such as material movement in controlled factory or warehouse settings, predictable handling tasks near existing human infrastructure, operations with safety exposure or ergonomic strain or selected environments where labour constraints are persistent.

A practical adoption approach

1. Start from one operational bottleneck, not technology enthusiasm.
2. Define pilot key performance indicators up front (uptime, interventions, cycle time, error rates, cost per completed task).
3. Set 'scale/stop criteria before launch' (what success looks like, and what failure looks like).
4. Keep humans in the loop for exception handling and safety.
5. Budget full system cost, including integration, maintenance, retraining and downtime.
6. Benchmark candidate platforms against the specific task, not marketing claims.
7. Run a focussed 90–180-day pilot in a controlled environment.
8. Scale only after repeatable performance across shifts and sites.
9. Keep demonstration performance and production readiness as separate reporting categories.



Use-case caution is needed in highly variable, force-sensitive, cluttered or socially complex roles. In short, the best applications are narrow enough to engineer, but important enough to justify iteration.

Over the next three to five years, the decisive improvements are likely to be: lower platform cost, better long-shift reliability, faster learning and adaptation to new tasks, stronger force-aware manipulation, and clearer safety and deployment standards.

If these trends continue, humanoids could become practical in more industrial and service contexts – not as universal replacements, but as targeted multipurpose tools in mixed human-machine teams.

Final thought

Humanoid robots in 2026 are neither fantasy nor an everyday reality. Instead, they represent a real industrial transition: from impressive demonstrations to selective, operational value. The opportunity is genuine – but so are the constraints. Often costing above EUR 120,000 per unit for many configurations, with productivity still limited in many contexts and retraining cycles that can stretch for months – most organisations should avoid 'all-in' narratives. But ignoring the field entirely may also be a strategic mistake, especially in China, where deployment experience is accumulating quickly.

The smart position is between hype and cynicism: start focussed pilots, measure honestly, learn quickly, remember the human factor and scale only where value is proven. For entrepreneurs in China, that is the path most likely to turn humanoid robotics from headline excitement into a durable competitive advantage.

Gianluca Giorgi is the CEO of **ES Automation Consulting**. He has worked in automation and AI since the 1980s, leading early industrial AI projects. He is a board member of the European Chamber and holds diplomas from MIT in Blockchain (2021) and AI Data Science (2024).

13TH MAY
NATIONAL

President Eskelund meets EEAS Asia Pacific Managing Director Eric Kurzweil

European Chamber representatives meeting with the EEAS
Photo: European Chamber

On 13th May, a European Chamber delegation led by President Jens Eskelund met with European External Action Service (EEAS) Managing Director for the Asia Pacific Eric Kurzweil. During their meeting, Eskelund provided an update on China's trade, investment and industrial policy landscape, touching on topics including economic security, recent legislation related to supply chain resilience, China's growing trade imbalance with Europe, and the need to achieve a more equitable European Union (EU)-China relationship. Kurzweil highlighted the current trust deficit between the EU and China, and stressed the importance of improving mutual understanding of both sides' respective concerns, identifying new areas for deepening cooperation, and engaging in talks at both the political and administrative levels.

22ND MAY
NANJING

Dialogue with Jiangsu Department of Ecology and Environment

Representatives of the European Chamber's Nanjing Chapter meet with the Jiangsu Provincial Department of Ecology and Environment
Photo: European Chamber

On 22nd May, a delegation from the European Chamber's Nanjing Chapter met with officials from the Jiangsu Provincial Department of Ecology and Environment, during which they discussed the newly released *Ecological Environment Code*, before visiting the Jiangsu Provincial Environmental Monitoring Centre. Topics covered included solid waste treatment, environmental impact assessment standards, hazardous waste transfer and the development of recycling systems.

28TH MAY
TIANJIN

Chamber president delivers keynote speech at World Intelligence Expo 2026

Chamber President Jens Eskelund speaking at the opening ceremony of the World Intelligence Expo 2026
Photo: European Chamber

On 28th May, Chamber President Jens Eskelund attended the World Intelligence Expo 2026 in Tianjin—hosted by Deputy Secretary of the Tianjin Municipal Party Committee and Mayor Zhang Gong—at which he gave a speech on artificial intelligence (AI). Eskelund emphasised that the technology's development offers huge potential for bilateral value creation for the EU and China, but that both sides must be clear-eyed about the risks and the need for strong, shared, transparent governance frameworks. Lian Maojun, member of the Tianjin Municipal Party Committee Standing Committee and secretary of the Binhai New Area Party Committee, also spoke at the event.

27TH MAY
NATIONAL

European Chamber meets with European Parliament Delegation

President Jens Eskelund presenting the *Business Confidence Survey 2026* to members of the European Parliament
Photo: European Chamber

On 27th May, European Chamber President Jens Eskelund, together with representatives of the Chamber's Advisory Council, met with members of the European Parliament's Delegation for Relations with the People's Republic of China. The meeting was hosted by European Union (EU) Ambassador to China Jorge Toledo, and chaired by the head of the delegation Engin Eroglu, member of the European Parliament.

During the meeting, Eskelund provided an overview of the key findings of the Chamber's *Business Confidence Survey 2026* (BCS) , emphasising that European business confidence in the China market may be approaching an inflection point, having continuously deteriorated for several years. At the same time, he noted that structural challenges remain and continue to weigh on investor confidence – including China's economic slowdown, unsustainable competition, and longstanding market access and regulatory barriers. He concluded by noting that by plucking 'low-hanging fruit', China could demonstrate its commitment to improving its market, while also building the momentum needed for a full rebound of business confidence. Following Eskelund's remarks, Chamber representatives provided insights on the picture at the sectoral level for companies operating in their respective industries.

11TH JUNE
SHANGHAI

European Chamber vice president meets Shanghai district mayor

A delegation from the Chamber's Shanghai Chapter meets with Yang Chao, mayor of the Huangpu District Government
Photo: European Chamber

On 11th June, Carlo D'Andrea, vice president of the European Chamber and chair of the Shanghai Chapter, led a Chamber delegation to meet with Yang Chao, mayor of the Huangpu District Government. In the meeting, D'Andrea presented the key findings from the *Business Confidence Survey 2026*, along with policy recommendations to improve Shanghai's business environment drawn from the Chamber's *Shanghai Position Paper 2025/2026*. He called on the district government to further strengthen intellectual property rights protection, ease existing restrictions on cross-border fund transfers and trade, and address challenges faced by European small and medium-sized enterprises operating in the region.

18TH JUNE
SHANGHAI

European Chamber vice president meets with chairman of CCPIT Shanghai

On 18th June, Carlo D'Andrea, vice president of the European Chamber and chair of the Shanghai Chapter, met with Li Dong, chairman of China Council for the Promotion of International Trade (CCPIT) Shanghai. D'Andrea highlighted several challenges faced by European companies operating in the municipality, including difficulties conducting cross-border trade and fund transfers, accessing government support schemes, and navigating irregular policies adopted by different city districts. He also outlined how European companies operating in the city are well placed to contribute to Shanghai's green transition. Li expressed a desire for the CCPIT Shanghai to cooperate more closely with the European Chamber, with a view to further improving Shanghai's business environment.

China's expanding economic security framework

Export controls, sanctions and supply chain risks

Chinese export control and sanctions law has changed several times over the past year. On 9th October 2025, the Ministry of Commerce (MOFCOM) issued a package of new export controls, and on 7th November 2025 it suspended most of that package until 10th November 2026. In April 2026, the State Council released a regulation on industrial and supply-chain security (*Order No. 834*) and a regulation on countering improper extraterritorial jurisdiction by foreign states (*Order No. 835*). In May 2026, the MOFCOM issued the first blocking order under the *2021 Blocking Rules*, and the Ministry of Justice issued the first determination under the new *Order No. 835*, directed at cross-border investigative practices in a European Union (EU) investigation. Frequent changes of this kind, in an increasingly politicised trade order, pose considerable problems for companies. In this article, **Dr. Dominic Köstner** explains the structural questions raised by China's export control and sanctions law by exploring several case studies.

1. The Export Control Law and the Foreign Trade Law

1.1 Exporting from China under the Export Control Law

Export of rare earths

Consider a Chinese subsidiary of a European automotive supplier. It manufactures dysprosium-containing neodymium magnets for electric-motor rotors and plans to ship them to its parent company in Europe. Does the export require a Chinese licence? Who has to apply for it, and what documents must the European parent provide?

The Export Control Law (ECL)[1] has been in force since 1st December 2020, with the detailed rules contained in the *Regulations on the Export Control of Dual-use Items* (*State Council Order No. 792*), in force since 1st December 2024.[2] Dual-use items are goods, technologies and services with both civilian and military uses. Controlled items are set out in a single Dual-use Items Export Control List maintained by the MOFCOM. Dysprosium-containing magnets have been listed since April 2025 (*MOFCOM Announcement No. 18/2025*, adding seven medium and heavy rare earths and their magnet materials), resulting in a requirement to obtain a MOFCOM export control licence prior to shipment. According to the MOFCOM's published list of questions and answers, simple-processed magnet products such as segments or rings remain controlled, while deeply processed products such as rotor assemblies or complete motors generally fall outside the listing.

The application for the licence is made by the Chinese subsidiary. The regulations provide for single licences (one buyer, one contract) and general licences (repeated shipments to specified recipients over a longer period); the MOFCOM granted the first general licences to major rare-earth magnet producers in December 2025. The application in our example must be supported by an end-user certificate from the European parent stating the user and the intended use, and an undertaking to obtain consent from the Chinese authorities before any retransfer to third parties. Exporters that maintain an internal compliance programme are eligible for facilitated licensing, including general licences.

1.2 The second track: the Foreign Trade Law

Export of lithium-battery technology

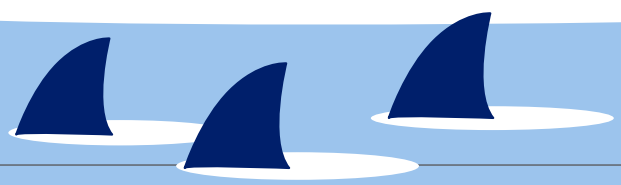
Consider a European plant-engineering group whose Chinese subsidiary sells a production line for lithium-battery cathode materials to a buyer in South-East Asia. The delivery covers a turnkey machine together with process documentation, formulas and staff training. The machine itself is not a controlled dual-use item. Is the transaction nevertheless restricted, and under which rules?

The second track of Chinese export controls runs through the Foreign Trade Law (FTL), in force since 1994 and last amended in 2025.[3] Under Articles 19 to 21, the state may restrict or prohibit imports and exports on national security and other listed grounds, implemented through published catalogues of restricted and prohibited goods and technologies. Technology exports are administered under the FTL and the technology import-export rules, and the term technology is broad: it covers process documentation, formulas, know-how and technical training. In July 2025, *MOFCOM Announcement No. 28/2025* added lithium-battery and related cathode-material technologies to the catalogue of technologies restricted from export. In the case above, the technology components of the turnkey delivery therefore require an export licence under the FTL track, although the machine itself is freely exportable. Absence from the dual-use list does not mean the transaction is unrestricted: both catalogues have to be checked.

1.3 Re-export controls: extraterritorial reach

Transfers outside China

Consider a European company that buys People's Republic of China (PRC)-origin dysprosium magnets for its plant in Germany. Part of the material is built into electric-motor rotors for a customer in France; another part is further processed and sold to a Japanese buyer whose customers include defence contractors. Can Chinese export restrictions apply to transfers that take place entirely outside China?



[1] *Export Control Law*, Ministry of Commerce, 8th December 2023, viewed 24th August 2026, <https://dltb.mofcom.gov.cn/zcfg/art/2023/art_909d9f5e7f024b9ab158b71fba2f06cb.html>

[2] *Regulations on the Export Control of Dual–use Items*, State Council, 19th October 2024, viewed 24th August 2026, <https://www.gov.cn/zhengce/zhengceku/202410/content_6981400.htm>

[3] *Foreign Trade Law*, Ministry of Commerce, 27th December 2025, viewed 24th August 2026, <https://www.mofcom.gov.cn/zfxxgk/gkml/art/2025/art_fdc193e921ce4a298fe46e85c242b54e.html>

Chinese export control restrictions can extend to items located outside China. Article 49 of the dual-use regulations provides the basis: it can cover transfers outside China of PRC-origin dual-use items and of foreign-made items incorporating specified PRC-origin items or technology. Which transfers are actually restricted follows from the individual measures in place at the time of transfer.

Two destination-directed measures are currently in force. *MOFCOM Announcement No. 46/2024* prohibits supplying PRC-origin dual-use items to United States (US) military end-users or for military end-uses. *MOFCOM Announcement No. 1/2026*, in force since 6th January 2026, contains a somewhat broader prohibition for Japan, covering supplies to military end-users, for military end-uses or that would otherwise contribute to Japanese military capabilities. A general licensing regime for foreign-made products with PRC-origin rare-earth content was announced in October 2025 and is currently suspended (section 1.4 below). The measures in force apply to the PRC origin of the goods, regardless of where the goods are located and, in practice, when they left China.

For the rotors delivered to France, no general legislative measure currently in force imposes a licence requirement, since no destination-directed measure exists for France. Under the suspended rules (section 1.4 below), a licence would be required if the rotor meets the 0.1 per cent threshold for PRC-origin rare-earth content. In addition, restrictions can also follow from the end-user certificate given to the MOFCOM when the magnets were exported.

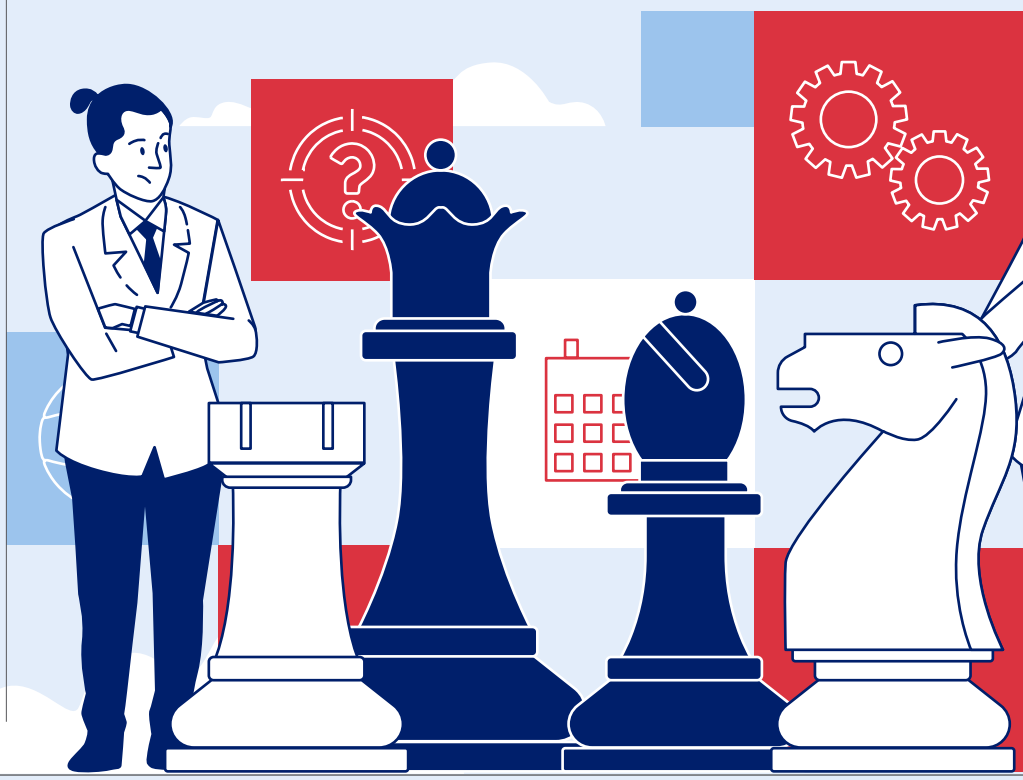
However, for the further processed magnets sold to Japan, the destination-directed *MOFCOM Announcement No. 1/2026* prohibits delivery if (i) the product still qualifies as a PRC-origin dual-use item and (ii) is destined for the Japanese military or contributes to it. Whether it still qualifies as a PRC-origin dual-use item depends on the degree of processing; the rules in force contain no published de minimis threshold, so classification must be assessed on a case-by-case basis. Companies in this position keep supplier declarations on the origin and value of PRC content and screen the buyer's customer base.

1.4 The October 2025 package: suspended, not cancelled

On 9th October 2025, the MOFCOM—partly with the General Administration of Customs of China (GACC)—issued a package of announcements (Nos. *55* to *58*, and *61* and *62* of 2025) with new dual-use listings (superhard materials, rare-earth production equipment and inputs, five further rare earths, lithium-battery materials) and, most consequentially:

- A re-export licensing requirement for foreign-made products containing 0.1 per cent or more PRC-origin rare-earth content by value, and for items produced abroad with PRC-origin rare-earth technology – regardless of material content. Above the de minimis threshold, a product manufactured entirely outside China would need a Chinese licence before onward transfer.
- Broad controls on rare-earth technologies, from mining to magnet manufacturing and recycling, with an export definition that includes intellectual property licensing and joint development.
- A 50 per cent rule for the restrictive lists: restrictions would extend to entities owned 50 per cent or more by listed parties, without any further listing decision.

On 7th November 2025, following the US-China de-escalation, the MOFCOM and the GACC suspended the package until 10th November 2026 (*Announcement No. 70/2025*). The suspension did not repeal the measures, and they can be reactivated without new rulemaking.

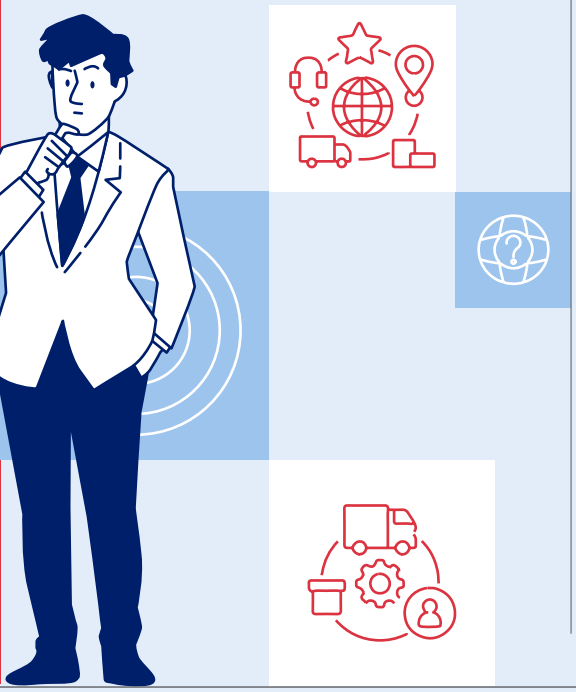


2. China's restrictive lists

Commercial relationship with a listed entity

Consider a Chinese subsidiary of a European group that has supplied magnet materials to a foreign customer for years. The customer's parent company is then placed on a Chinese restrictive list. Can the deliveries to the customer continue? Does the listing of the parent extend to its subsidiaries? What steps should the supplier take?

The restrictive lists serve to protect Chinese security and industrial interests by naming individual foreign parties and attaching legal consequences to dealings with them; three main lists exist, with different legal bases and consequences.



- The list of controlled parties under Article 18 of the Export Control Law. Exports of dual-use items to listed parties are prohibited or refused a licence. The list contains well over 100 entries, predominantly US and Taiwan entities; since 2026 it also includes Japanese entities and the first European ones.
- The Unreliable Entity List (UEL) under the MOFCOM's 2020 provisions.[4] Inclusion on the UEL is based on the conduct of the party concerned, in particular boycotts of, or discriminatory measures against, Chinese entities. The consequences include trade prohibitions, investment restrictions and entry bans for personnel.
- The countermeasure list under the Anti-foreign Sanctions Law (AFSL) – the 2021 statute authorising Chinese counter-sanctions.[5] It covers persons and organisations involved in drafting, deciding or implementing foreign sanctions against China, and the countermeasures include asset freezes, transaction bans and visa measures.

Some entities appear on more than one list; Lockheed Martin and Raytheon, for example, are included in all three.

For the case above, the consequences depend on which list the parent appears on and on the wording of the listing decision. An export control listing prohibits, or blocks licences for, supplies of dual-use items to the listed party; recent decisions apply to PRC-origin items regardless of where the transfer takes place, covering the Chinese subsidiary as well as group companies abroad. Whether affiliated entities are covered depends on the individual decision; where they are not expressly included, transactions with them still have to be reviewed against the prohibition on circumvention.

3. Sanctions countermeasures

Supply stop without a sanctions obligation

Consider a corporate group that classifies China internally as a high-risk jurisdiction and stops supplying certain Chinese customers. No foreign sanction compels the step; it is the group's own risk decision. Can a voluntary business decision of this kind have consequences under Chinese law? What is the position of the group's Chinese subsidiary?

The countermeasure instruments serve a defensive purpose: they are directed against the enforcement of foreign sanctions and other foreign measures within China. A company subject to EU or US sanctions law may be legally required to end dealings with a Chinese counterparty, while Chinese law may treat exactly that step as a violation. Neither legal system provides an exemption for compliance with the other.

Several instruments predate 2026. The AFSL of 2021 authorises countermeasures, with Article 12 giving Chinese parties a private right of action: a person or organisation that suffers damage because another party implemented foreign discriminatory measures can claim damages before Chinese courts. The *MOFCOM Blocking Rules* (*Order No. 1 of 2021*)[6] allow the MOFCOM to order that specified foreign laws must not be

[4] *MOFCOM Order No. 4 of 2020 on Provisions on the Unreliable Entity List*, Ministry of Commerce, 19th September 2020, viewed 24th August 2026, <https://english.mofcom.gov.cn/Policies/AnnouncementsOrders/art/2020/art_26e3c471536d443c944d60c91bacaf9a.html>

[5] Anti–foreign Sanctions Law, 10th June 2021, viewed 24th August 2026, <http://www.npc.gov.cn/npc//c2/c30834/202106/t20210610_311892.html>

[6] *Measures to Block the Improper Application of Foreign Laws and Measures Extraterritorially*, State Council, 9th January 2021, viewed 25th August 2026, <https://www.gov.cn/gongbao/content/2021/content_5593445.htm>

complied with in China. In 2024, the Nanjing Maritime Court accepted the first damages claim under Article 12 against a party that had withheld payment to comply with third-country sanctions; the case was settled in November 2024, with the Chinese party receiving the outstanding amount. For the AFSL, implementing regulations were issued in 2025.[7]

The *Regulations on the Security of Industrial and Supply Chains* (*State Council Order No. 834*) were released on 7th April 2026 and took immediate effect.[8] The regulations are China's first dedicated supply-chain security regulations and establish monitoring, early-warning and emergency-response mechanisms involving more than a dozen authorities. Under Article 15, the competent authorities may investigate foreign organisations or individuals that interrupt normal transactions with Chinese counterparties or adopt discriminatory measures against them – where this causes or threatens substantial harm to PRC industrial and supply-chain security. The provision applies regardless of whether a foreign law required the conduct, so the voluntary supply stop in the example above can fall within its wording; the operative terms are undefined and no implementing rules have been published. Article 13 makes supply-chain information gathering in China—such as supplier audits or environmental, social and governance questionnaires under regimes like the Corporate Sustainability Due Diligence Directive—a compliance question in its own right where it violates PRC law. Article 16 obliges organisations and individuals in China to execute measures adopted under the regulation, which places the group's Chinese subsidiary in the case above under a duty to implement any measures directed at its own parent.

The *Regulations on Countering Improper Extraterritorial Jurisdiction by Foreign States* (*State Council Order No. 835*), was released on 13th April 2026 and also applies with immediate effect.[9] It places the blocking mechanism, previously contained in a ministerial rule, at State Council level. The Ministry of Justice identifies improper foreign measures through an inter-agency mechanism; prohibition orders barring compliance can be directed at specific entities. The regulation also establishes a Malicious Entity List, with countermeasures that extend to entities controlled by or affiliated with a listed party. It clarifies that, under Article 14, Chinese citizens and organisations whose lawful rights and interests are infringed by another party's enforcement or assistance in enforcing foreign extraterritorial measures, may bring a civil claim before the people's courts seeking cessation of the infringement and compensation for losses, and refers to criminal liability for serious violations.

On 2nd May 2026, the MOFCOM issued the first blocking order under the *2021 Blocking Rules*, prohibiting compliance with US sanctions on five Chinese petrochemical companies.[10] On 15th May 2026, the Ministry of Justice issued the first determination under *Order No. 835*, deciding that the cross-border investigative practices adopted towards Chinese entities in the European Commission's investigation into Nuctech under the EU Foreign Subsidies Regulation constitute an improper extraterritorial jurisdiction measure. The Commission had demanded extensive information located in China; no organisation or individual in China may now implement or assist in implementing these demands, for example by producing the requested documents, unless an exemption is granted. The cross-border elements of an EU regulatory proceeding can therefore become the subject of a Chinese prohibition that binds the Chinese subsidiaries of the group concerned.

4. Practical observations and outlook

Companies with China-related operations are already adapting their compliance processes to this evolving framework. Counterparties are now being screened against the Chinese lists in addition to the EU and US lists. Information gathering in China is assessed as a compliance question separate from the underlying due-diligence obligation.

The framework will continue to develop. Further rules implementing the 2026 regulations are to be expected, along with a growing body of enforcement practice under the supply-chain and blocking instruments; the first cases of 2026 indicate that European parties will be among the addressees. The suspension of the October 2025 package expires on 10th November 2026. Whether the measures then take effect, or the suspension is extended or replaced, will depend on the state of US-China relations at that point. The individual measures in force will keep changing, while the laws, regulations and lists that produce them have become a permanent feature of China-related business.

Dominic Köstner is partner and co-head of the Shanghai office of **GvW Graf von Westphalen**, a leading independent German law firm with offices across Germany and internationally, including Shanghai. He advises domestic and international companies on Chinese export controls, sanctions and related compliance matters. He focusses on the practical implementation of China compliance frameworks across global supply chains and supports cross-border transactions, investments and other strategic projects involving China; he regularly publishes and speaks on these topics.

[7] *Implementation Provisions of the Anti-foreign Sanctions Law*, State Council, 23rd March 2025, viewed 25th August 2026, <https://www.gov.cn/zhengce/zhengceku/202503/content_7015404.htm>

[8] *Regulations on the Security of Industrial and Supply Chains*, Ministry of Ecology and Environment, 8th April 2026, viewed 25th August 2026, <https://www.mee.gov.cn/zcwj/gwywj/202604/t20260408_1148459.shtml>

[9] *Regulations on Countering Improper Extraterritorial Jurisdiction by Foreign States*, State Council, 7th April 2026, viewed 25th August 2026, <https://www.gov.cn/zhengce/content/202604/content_7065398.htm>

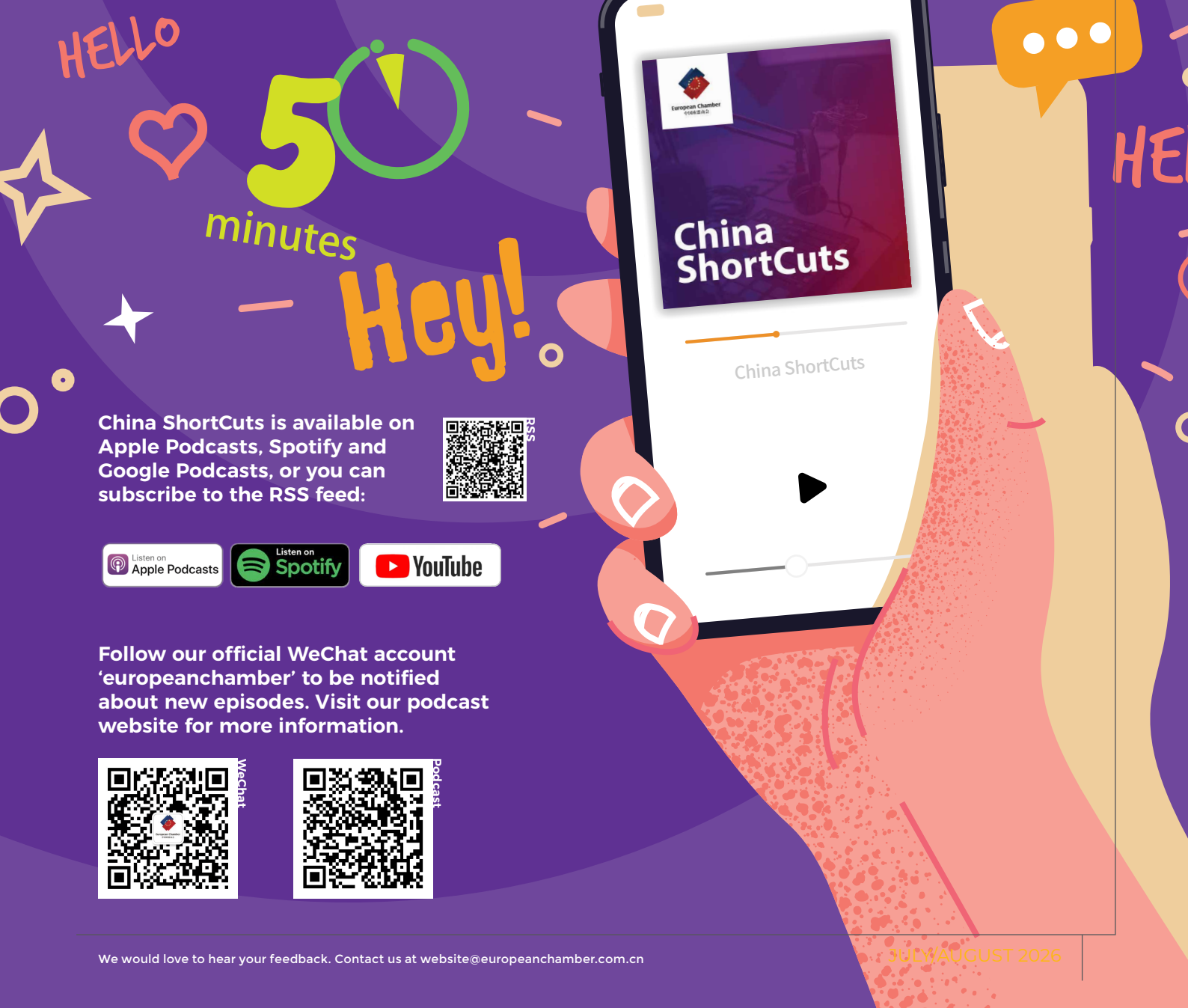
[10] *MOFCOM Announcement No. 21 of 2026, Promulgation of Blocking Prohibitions in Respect of U.S. Sanctions Measures Concerning Iranian Oil Imposed on Five Chinese Enterprises*, Ministry of Commerce, 2nd May 2026, viewed 25th August 2026, <https://www.mofcom.gov.cn:8443/zwgk/zcfb/art/2026/art_0ff88c45f1974962a539775085014888.html>

China ShortCuts

The European Chamber launched its new, short-format podcast series in October 2022.

China ShortCuts is a five-minute weekly catch-up about the Chinese business landscape.

Tune in to stay informed on the latest economic data, market trends, and policy and regulatory updates that could shape your industry.



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Podcast

#BECAUSE OFUS

Restriction of Hazardous Substances (RoHS) regulations

As the independent voice of European business in China since 2000, the European Chamber actively participates in China's legislative process and our advocacy activities are widely recognised by the Chinese authorities.

We launched our #becauseofus campaign in 2019 to show our gratitude for the joint advocacy efforts of all stakeholders: governments, think tanks, member companies and our own working group and desk managers. In *EUROBIZ* in 2026, we will present some examples of our advocacy successes.

In this edition, we look at **Restriction of Hazardous Substances (RoHS) regulations.**

China's RoHS regulations control hazardous substances in electrical and electronic products that are manufactured, sold, and imported into China. They are aimed at protecting both the environment and human health.

During the latest revision process to China's RoHS regulations, the European Chamber successfully advocated for improvements to both the regulations themselves and relevant national standards, which has helped enhance clarity, improve consistency and avoid unnecessary compliance burdens for affected manufacturers.

RoHS | Clarifying the scope of medical devices in the Compliance Management Catalogue

China's RoHS is implemented in two phases. In the first phase, manufacturers are required to

disclose information on hazardous substances in their products. In the second phase, products listed in the *Compliance Management Catalogue* are subject to mandatory substance restrictions. The Ministry of Industry and Information Technology (MIIT) has adopted an incremental approach to expanding the catalogue, following the principle of 'including products as the necessary conditions become sufficiently mature'.

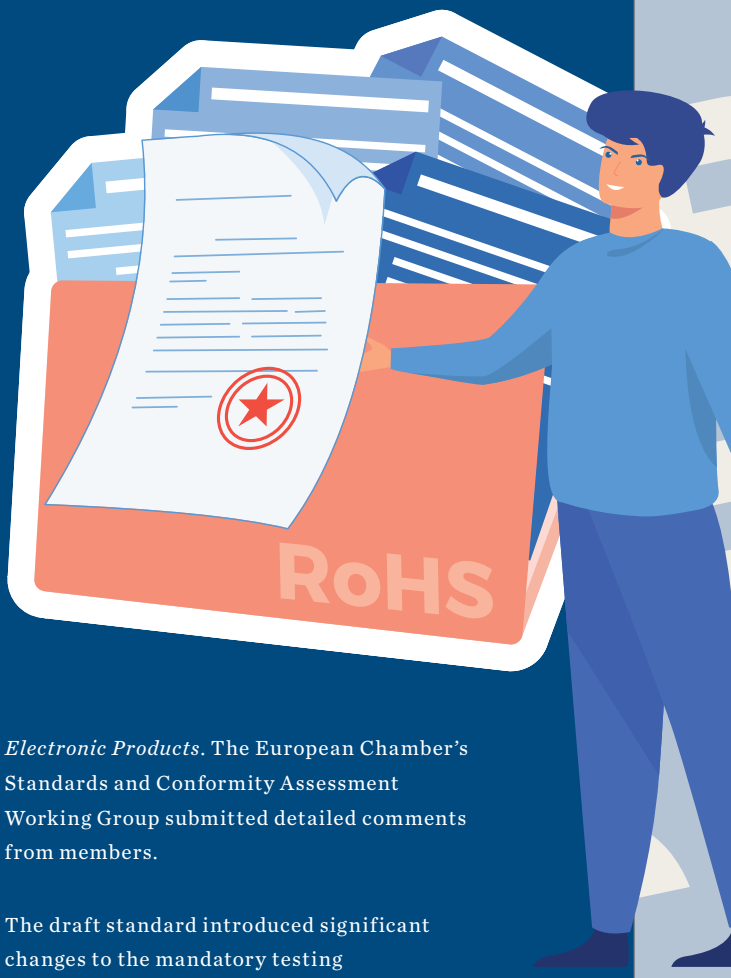
On 3rd November 2025, the MIIT released its draft 2025 edition of the *Compliance Management Catalogue* for public consultation. Compared with the previous catalogue, the draft expanded the scope of covered products.

Through its engagement with the MIIT, the Chamber understood that the Ministry's intention at this stage was to expand the scope to cover consumer medical devices for home use, rather than professional medical equipment used in hospitals. This approach was intended to avoid triggering product re-evaluation and registration amendment procedures for professional devices in the short term, thereby preventing unnecessary disruption to their timely availability in hospitals. Based on this, the Chamber's Healthcare Equipment Working Group recommended refining the product descriptions for the two medical device categories by explicitly limiting their scope to home use.

On 28th May 2026, the MIIT issued the 2026 editions of the *Compliance Management Catalogue* and the *Exemption List*. The descriptions for electronic blood pressure monitors and blood glucose meters were revised to include the qualifier "for home use", reflecting the Chamber's recommendation. This has helped improve regulatory clarity and consistency while ensuring the continued availability of such products in healthcare settings.

RoHS | Balancing between environmental goals and business operations

On 19th November 2024, the MIIT issued a public consultation on the draft mandatory national standard, *Requirements for the Restricted Use of Hazardous Substances in Electrical and Electronic Products*. The European Chamber's Standards and Conformity Assessment Working Group submitted detailed comments from members.



The draft standard introduced significant changes to the mandatory testing requirements and sampling scope. Through discussions with the drafting team, the working group gained a better understanding of the authorities' stated objective of improving the effectiveness of China's RoHS implementation through enhanced testing. The working group also shared members' experiences of complying with RoHS regulations globally, and recommended a more flexible compliance approach that combines final product testing with supply chain management.

On 1st August 2025, the MIIT officially released the mandatory national standard, *Requirements for the Restricted Use of Hazardous Substances in Electrical and Electronic Products (GB 26572-2025)*. The final version incorporated the Chamber's recommendation. This outcome has improved the consistency of China's RoHS regulatory framework and allowed member companies to avoid making significant changes to their existing compliance approaches.

Media Watch

Chamber's views on State Council Decree 834 sought by international media

On 7th April, the State Council released the *Regulations on the Security of Industrial and Supply Chains* (*Decree No. 834*), which has the stated aim of "guarding against security risks in industrial and supply chains, enhancing their resilience and security, and safeguarding economic and social stability as well as national security." Shortly after the decree's release, the Chamber published a statement noting that, while it remains unclear how it will be implemented in practice, the document contains a number of unclear and vague provisions that will create new uncertainties for European companies and increase the risks of doing business in or with China.

The statement was quoted in articles by the *AFP* and *Inc*, which emphasised how the inclusion of ambiguous and vague language contained in key provisions in the document heightens the risks faced by European companies doing business in/with China.

US firms voice 'concern' over China's new supply chain rules

Beijing (AFP) – **China's new supply chain regulations could be a "concern" for US firms, the American Chamber of Commerce in China warned on Thursday.**

AFP reports on foreign companies' concerns related to *Decree No. 84*
Media: *AFP*
Date: 23rd April 2026

The 'Supply Chain Trap': Why Leaving China Just Became a Legal Nightmare for U.S. Firms New regulations in Beijing now target foreign companies trying to dodge U.S. tariffs by moving production. Here is how your 'exit strategy' could trigger a massive legal investigation.

BY BRUCE CRUMLEY @BRUCEC_INC
MAY 15, 2026

Article by the *Inc* on the potential compliance risks introduced by *Decree No. 834* publication
Media: *Inc*
Date: 15th May 2026

Chamber releases statement on State Council Decree 835

On 13th April, China's State Council released the *Regulations on Countering Improper Extraterritorial Jurisdiction by Foreign States* (*Decree No. 835*). Its stated aim is to protect China's interests from extraterritorial provisions enacted by foreign states. The regulations contain several provisions that may impact businesses, including one that places liability on "any organisation or individual [that] implements or assists in the implementation of improper extraterritorial measures by a foreign state, thereby infringing upon the lawful rights and interests of Chinese citizens or organisations."

Shortly after the policy was announced, the Chamber published a statement which noted that given that it is unclear what would constitute "improper extraterritorial jurisdiction" in the eyes of Chinese authorities, the regulations further add to the uncertainty that European companies face when doing business in China. The statement added that companies need detailed implementation guidelines to understand if it is possible for them to comply while simultaneously complying with existing third-country laws and regulations.

President Jens Eskelund speaking with *DW* on *Decree No. 835*
Media: *DW*
Date: 9th May 2026

President Jens Eskelund being interviewed live by *Bloomberg* on the BCS
Media: *Bloomberg*
Date: 27th May 2026

The *SCMP's* coverage of the Chamber's Shanghai Chapter's BCS 2026 launch event
Media: *SCMP*
Date: 4th June 2026

A *Xinhua* article on China's development of AI
Media: *Xinhua*
Date: 30th May 2026

Tianjin Chapter Vice Chair Dr. Christoph Schrempp speaking at *China Daily's* 'CEO: Grow with China' roundtable forum
Media: *China Daily*
Date: 4th June 2026

Chamber launches Business Confidence Survey 2026

The European Chamber launched its *Business Confidence Survey 2026* (BCS) on 27th May, at an official event attended by 25 journalists. That same day, Chamber President Jens Eskelund was interviewed live by *Bloomberg* on the report and hosted a lunch event attended by representatives from five international media outlets.

Within 24 hours of its launch, 37 original articles were published on the report.

International media coverage predominantly focussed on the key finding that business confidence may be approaching an inflection point, while also noting that various headwinds facing China's business environment will need to be carefully managed if a meaningful rebound in confidence is to occur. Domestic media coverage was more positive and centred on the fact that an uptick in European business confidence had been seen.

On 4th June, the Chamber's Shanghai Chapter held a roundtable event on the BCS 2026, which was attended by several media outlets.

Chamber comments on China's AI development

On 30th May, Chamber President Jens Eskelund was interviewed by *Xinhua* on the sidelines of the 2026 World Intelligence Expo in Tianjin. He noted that the EU and China have many complementary strengths when it comes to technological innovation and their respective industrial capabilities, in an article that was widely republished by other domestic Chinese media outlets, including *Fenghuang.com* and *Sina News*.

On 4th June, Tianjin Chapter Vice Chair Dr. Christoph Schrempp joined *China Daily's* 'CEO: Grow with China' roundtable forum. Commenting on China's development of artificial intelligence (AI), he noted that China's shift toward intelligent manufacturing will reshape Tianjin's business environment over the coming five to 10 years.

Events Gallery

BEIJING, 2ND JULY 2026

Mid-Year Economic Watch 2026 | Preparing for H2

- China's economy shows an obvious K-shaped split: AI-related exports flourish while domestic consumption stays sluggish.
- Inconsistent official economic data mainly results from fragmented local reporting instead of intentional manipulation; listed companies' public disclosures act as a good cross-verification tool.
- Local governments' pursuit of growth leads to widespread industrial oversupply, and rampant IP infringement severely erodes profit margins of foreign brands in agriculture and manufacturing.

BEIJING, 3RD JULY 2026

Exclusive Dialogue with Prof. Adam Tooze: China Shock 2.0 and EU-US-China Economic Ties

- China shock 2.0 is hitting Europe's high-value automotive industries and stems from Chinese industrial policy.
- Polycrisis is the best lens available to analyse the current overlapping geopolitical, industrial and environmental risks – where one economy's industrial solution becomes another's severe crisis.
- China's long-term five-year industrial planning yields outsized industrial returns via coordinated public-private collaboration, a capability the fragmented West cannot match.

SHANGHAI, 9TH MAY 2026

2026 Europe Day with Consuls General and Business Leaders

- Europe remains a key actor for stability, prosperity, and peace.
- European companies have contributed enormously to China's development journey – bringing investment, technology, expertise, industrial know-how, sustainability standards and long-term commitment, in addition to providing jobs and tax revenues.
- Europe and China have far more in common than people generally recognise, including a shared dedication to stability, development and multilateralism.

SHANGHAI, 1ST JULY 2026

AI in Marketing – From Strategy to Execution

- More European companies are shifting their marketing budgets toward intelligent content creation and automated user operation powered by AI.
- Rapidly evolving AI technologies are reshaping corporate marketing strategies, consumer engagement models and data-driven business decision-making for European enterprises in China.
- AI marketing covers multiple practical scenarios including consumer insight analysis, audience segmentation, intelligent content creation and personalised customer interaction, with both promising opportunities and implementation challenges.

TIANJIN, 17TH JUNE 2026

The European Chamber Business Confidence Survey 2026 Tianjin Launch Dinner

- Despite continued profitability challenges, Tianjin members report a more optimistic outlook on reinvestment, supported by Tianjin's efficient cross-border fund transfer and strong legal protections for minority investors.
- While Tianjin is perceived as an innovative city with strong potential for business expansion, members still face fierce local competition, suggesting a stronger need for advocacy actions for EU companies in Tianjin, and broadly across China.
- Strengthening business support, policy clarity and the effectiveness of initiatives will be key to enhancing the competitiveness and unique positioning of the Tianjin Free Trade Zone.

NANJING, 24TH JUNE 2026

Business Confidence Survey 2026 and Export Controls Report Launch in Nanjing

- Further standardisation and coordination could lead to quick improvements to the business environment, e.g., in environmental, health and safety inspections.
- While an efficient and transparent export licence process can prevent supply chain disruptions in the short term, in the long term, China's export control regime remains a powerful tool that can be used to strategically adjust the supply of critical goods.
- Locally, there is considerable room for quick wins in policy implementation, such as ensuring government departments interpret and implement policies consistently.

SOUTHWEST CHINA, 21ST MAY 2026

European Chamber Southwest China Chapter Annual General Meeting

- There remain prominent structural obstacles including unbalanced regional competition, overcapacity and discriminatory market access rules that restrain foreign firms' growth in China.
- Geopolitical tensions such as the Middle East conflict and the EU's new Industrial Accelerator Act have reshaped multinationals' supply chain and investment strategies.
- EU-China green and digital cooperation holds massive, untapped potential, yet inconsistent certification standards, localised regulatory thresholds and financing barriers continue to block mutually beneficial industrial collaboration between the two sides.

SOUTH CHINA, 16TH JUNE 2026

AI in Practice – Smart Manufacturing and SME Innovation

- European SMEs based in China need to prioritise compliance when rolling out AI tools.
- The Greater Bay Area can serve as a suitable testing ground for European firms to try out AI manufacturing solutions. Gradual, targeted AI deployment may ease adaptation to different regional regulatory requirements.
- SMEs may benefit more from customised industry AI tools rather than general AI platforms. Robust IP and compliance frameworks support the wider rollout of AI business solutions.

Advisory Council News

Danone to acquire MADE Group, expanding its presence in the fast-growing healthy nutrition space in Asia Pacific

Danone has announced that it has entered into two definitive agreements that will enable it to expand its presence in the Asia-Pacific (APAC) region in the fast-growing healthy nutrition space:

- Acquisition of MADE Group; a fast-growing Australia-based company with a health-focussed portfolio.
- Acquisition of the remaining 49 per cent stake in its existing fresh dairy joint venture with Saputo Dairy Australia.

Both transactions will create additional opportunities for Danone to enhance its profitable growth prospects across the APAC region.

Acquisition of MADE Group

MADE has a portfolio of well-established brands aligned with high-growth consumer trends, particularly in health-focussed food products, including high-protein ready-to-drink products, gut-health yoghurts and coconut-based products.

The Melbourne-based company combines a proven track record in innovation with best-in-class marketing capabilities, and a comprehensive route to market and supply chain.

Photo: danone.com

MADE has a significant presence in its home country of Australia as well as across New Zealand and Southeast Asia. It has consistently delivered double-digit growth and attractive margins and, with sales of more than euro (EUR) 300 million for the fiscal year ending June 2026, would represent a meaningful contributor to Danone's EDP business in APAC. The deal would be accretive to Danone's operating margin and EPS from year 1.

Acquisition of remaining stake in existing fresh dairy joint venture in Australia

Complementing this acquisition, Danone has also announced it will acquire the remaining 49 per cent stake in its fresh dairy joint venture with Saputo Dairy Australia. Through this partnership, Danone has established a solid presence in functional yoghurts in Australia, anchored in three flagship brands, YoPRO, Activia and Ultimate.

The transactions are subject to customary closing conditions, including regulatory approvals, and are expected to be completed in the second half of 2026.

Antoine de Saint-Affrique, Danone SA chief executive officer said: "Today marks another step in the execution of our Renew Strategy. With its strong portfolio of brands and healthy nutritional products, focussing on gut health and protein, MADE shows an impressive track record of rapid and profitable growth. We share the same belief in health through food and

are excited to welcome them into the Danone family. To further enhance our flexibility, we are also acquiring the remaining stake in our Australian fresh dairy joint venture.

This is another example of our Renew strategy at work: combining a strong focus on organic growth with targeted investments that further enhance our ability to meet demand for healthy nutrition."

Photo: Bayer

Bayer expands open innovation network in China with new hub in Shandong Province

Innovations co-developed in China will reach consumers in Australia, the Asia-Pacific region and beyond – reinforcing Bayer's global cycle of innovation from local insight to international scale.

Bayer Consumer Health recently inaugurated its second China Center of Innovation and Partnership (CCIP) in Shandong Province, marking a significant expansion of the company's open innovation ecosystem in one of the world's fastest-growing consumer health markets. The new hub, established in collaboration with Jewim Pharmaceutical and the Shandong Institute for Food and Drug Control, will focus on co-developing science-led self-care solutions in skin health and digestive health.

The launch advances Bayer Consumer Health's innovation ambition—turning scientific expertise and consumer insights into trusted self-care solutions for everyone, everywhere, everyday—and underscores China's growing strategic role in the company's global research and development (R&D) network.

From local insight to global impact

China is Bayer Consumer Health's second-largest market worldwide and an increasingly important source of innovation across its global portfolio. The CCIP model is designed to shorten the path from scientific discovery to real-world consumer solutions by integrating partners across the full innovation value chain – from early-stage research and co-development through to regulatory support and manufacturing scale.

Since the first CCIP opened in Shanghai in 2024, the platform has delivered tangible results. Co-developed products include Kangwang® Minoxidil Liniment for hair-loss management (with Jewim Pharmaceutical), Talcid® Lactulose Oral Solution for digestive health (with Jewim Pharmaceutical), and probiotic innovations with Jiangnan University that have entered Asia-Pacific markets. Active pharmaceutical ingredients co-developed with Xinhua Pharma are being exported to multiple countries, and products created with Sirio Pharma are expected to reach consumers in Australia.

"The establishment of the Shandong CCIP further strengthens our open innovation network in China and elevates our cooperation model from project-based collaboration to a platform-based model," said David Evendon-Challis, chief science officer, Bayer Consumer Health. "It also reflects Bayer Consumer Health's enduring commitment to the China market and marks another milestone in advancing our 'In China, for Global' concept."

Photo: DSV

Brian Ejsing expands his role at DSV as he takes over as Road CEO

Brian Ejsing has recently assumed the role of Road CEO in addition to his current position as group chief operating officer. He replaces Helmut Schweighofer who will leave the company.

To further strengthen the execution of the strategy in the Road division, Ejsing has been appointed as the new Division CEO with immediate effect.

Since joining DSV in 1986, Ejsing has held several positions in the company, including 22 years in the Road Division and as CEO of Contract Logistics. He was named Group COO in 2024 and will continue in this position alongside his new role.

Tell Us Your Big News

European Chamber members are welcome to add news items on their own activities to our website, and share it with over 1,600 members.

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of the European Chamber

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