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Content

1. China Policies/Regulations

1.1 Export Tax Rebate Adjustment for Photovoltaic, Battery Products to Help Curb Involution-Style Competition

On January 20, 2026, China's Ministry of Finance (MOF) said that changing export tax rebates for a range of products, including photovoltaic and battery products, will help comprehensively curb involution-style competition as the country moves to steer industries toward green, high-quality growth.

The MOF, together with the State Taxation Administration, issued an announcement earlier this month saying that export tax rebates for value-added tax on photovoltaic products will be canceled from April 1, 2026.

The export tax rebate rate for value-added tax on battery products will be reduced from 9 percent to 6 percent from the same date, and will be eliminated on January 1, 2027, according to the announcement.

This adjustment to export tax rebate policies will help promote the more efficient use of resources, reduce environmental pollution and carbon emissions, and support a comprehensive green transition in economic and social development, ministry official Li Xianzhong said at a press conference.

The move will also encourage a more rational adjustment to the industrial structure, facilitate industrial transformation and upgrading, and promote high-quality economic development, Li noted.

(Edited from Xinhua.)

1.2 China Extends Tax Incentives for Innovative Firms' CDR Pilot

To facilitate innovation-driven development, on January 21, 2026, Chinese authorities announced that they will extend tax preferential policies for the pilot program supporting innovative firms issuing Chinese Depositary Receipts (CDRs) through the end of 2027.

From Jan. 1, 2026, to Dec. 31, 2027, individual investors will be exempt from personal income tax on capital gains from transferring innovative firms' CDRs, according to a statement jointly issued by the MOF, the State Taxation Administration, and the China Securities Regulatory Commission.

Meanwhile, a differentiated personal income tax policy will continue to be applied to dividend income obtained by individuals holding such CDRs.

For dividends that have already been taxed overseas, individual investors are entitled to tax credits in accordance with China's personal income tax law and relevant bilateral tax treaties or arrangements, the statement said.

The announcement also extends the existing corporate income tax and value-added tax policies for various types of investors.

(Edited from Xinhua.)

1.3 China to Curb Excessively Low Bidding in Government Procurement

On January 21, 2026, China's MOF issued a notice to curb the practice of excessively low bidding in government procurement.

The notice is set to take effect on Feb. 1, 2026. It will help curb involution-style competition in government procurement, and foster a sound market order where quality is duly rewarded with fair pricing.

Under the notice, procuring entities should set reasonable price ceilings to lay a solid foundation for competitive bidding among suppliers, and they should also configure reasonable procurement packages.

During oversight inspections or the handling of complaints, should financial authorities identify that bid evaluation committees have failed to conduct mandatory reviews of abnormally low bids, they will take corrective measures and hold the responsible evaluation experts legally accountable.

Procuring entities should take responsibility for organizing performance acceptance procedures in accordance with the law, ensuring reviews cover the fulfillment of all technical and commercial requirements as specified in the contracts.

(Edited from Xinhua.)

1.4 China's Finance Ministry Unveils Policy Package to Encourage Private Investment, Consumption

On January 20, 2026, China's MOF released a package of measures to spur private investment and consumption, including a special guarantee program for corporate lending and interest subsidies for personal consumption loans.

This special guarantee program, with a total scale of 500 billion yuan (about 71.42 billion U.S. dollars), is aimed at supporting private investment by micro, small and medium-sized enterprises, according to official documents jointly released by the MOF and several other departments.

Implemented through the National Financing Guarantee Fund over a two-year period, the program will cover not only medium- and long-term loans, but also financing needs related to daily operations, such as factory expansion, shop renovations and working capital.

Meanwhile, the ministry will roll out a loan interest subsidy policy for micro, small and medium-sized enterprises, covering newly issued fixed-asset loans and funds provided by the government's new policy-based financial instruments from January 1, 2026.

The policy will focus on key industrial chains and their upstream and downstream sectors, as well as producer services.

Interest subsidies will be set at 1.5 percentage points per year, with a maximum subsidy period of two years. The loan amount eligible for subsidies will be capped at 50 million yuan per borrower, with the maximum interest subsidy per borrower set at 1.5 million yuan.

The policy will initially be implemented for one year, with the possibility of extension based on actual conditions.

In a move to bolster consumption, the MOF on Tuesday also optimized and extended existing interest subsidy policies for loans to business entities in the service sector and for personal consumption loans to the end of 2026.

The service-sector loan subsidy policy, notably, has expanded coverage to digital, green and retail sectors, with the maximum loan amount eligible for subsidies per borrower raised from 1 million yuan to 10 million yuan and the subsidy cap increased to 100,000 yuan.

The personal consumption loan subsidy policy will include credit card installment services, removing sectoral restrictions.

In addition, the MOF has improved its loan interest subsidy policy for equipment upgrades. The updated policy expands support from loans used solely for equipment purchases to equipment upgrades, and incorporates eligible technology innovation loans newly issued from 2026.

(Edited from Xinhua.)

1.5 China to Launch 500-bln-yuan Guarantee Program to Support Private Investment

On January 20, 2026, The Chinese government announced a special guarantee program with a total scale of 500 billion yuan (about 71.42 billion U.S. dollars) to support investment by micro, small and medium-sized private enterprises.

The program, implemented through the National Financing Guarantee Fund over a two-year period, will cover not only medium- and long-term loans, but financing needs related to daily operations, such as factory expansion, shop renovations and working capital, according to a notice jointly released by several departments including the MOF.

(Edited from Xinhua.)

1.6 China to Advance Zero-carbon Factory Development

China has pledged to advance zero-carbon factory development to further tap the potential for energy conservation and carbon reduction in the industrial and information sectors, and to drive emissions cuts, efficiency gains, and green, low-carbon transition in key industries.

According to a guideline issued by five government departments including the Ministry of Industry and Information Technology (MIIT), China will begin selecting a group of zero-carbon factories from 2026 to set benchmarks for wider replication.

Zero-carbon factory development refers to a process in which factories continuously reduce carbon dioxide emissions within their premises and gradually move toward near-zero levels through emissions-cutting measures such as technological innovation, structural adjustment and management optimization.

The guideline outlined a phased, tiered approach. By 2027, China will foster and build a number of zero-carbon factories in sectors including automobiles, lithium batteries, photovoltaics, electronics and electrical appliances, light industry, machinery and computing power facilities.

By 2030, the initiative will be gradually expanded to industries such as steel, nonferrous metals, petrochemicals, building materials and textiles, exploring new pathways for decarbonizing traditional energy-intensive sectors, according to the guideline.

(Edited from Xinhua.)

1.7 China Extends Tax Exemption for Overseas Investors in Chinese Bond Market

China will continue to exempt overseas institutions from paying corporate income tax and value-added tax on bond interest income gained from the Chinese bond market, the MOF and the State Taxation Administration announced on January 15, 2026.

The policy will be effective from Jan. 1, 2026 to Dec. 31, 2027, according to a joint statement released by the two government departments.

The move aims to further promote the opening up of the country's bond market.

(Edited from Xinhua.)

1.8 China to Advance Multinationals' Cross-border Cash Management

China will roll out nationwide policies to facilitate centralized cross-border cash management by medium-sized multinational companies, while stepping up reforms on foreign exchange administration for both direct and securities investment, an official said, as part of efforts to deepen institutional opening-up under the capital account.

Xiao Sheng, head of the Capital Account Management Department of the State Administration of Foreign Exchange (SAFE), said China has recently expanded nationwide the integrated renminbi and foreign currency cash pooling program, which applies to large or mega multinationals.

A separate set of policies for medium-sized multinationals on centralized cross-border fund operations will be rolled out nationwide this year, supporting more companies in managing cross-border funds flexibly and efficiently while boosting the development of the headquarters economy, Xiao said at a news conference on on January 15, 2026.

On foreign direct investment, Xiao said SAFE will push ahead with forex management reforms by simplifying related registration procedures and facilitating the use of investment funds, better supporting foreign businesses' expansion in China.

SAFE will also revise rules on integrated renminbi and foreign currency management for domestic firms' provision of funds to overseas affiliates to support companies going global, helping lower costs and improve efficiency, he added.

On securities investment, Xiao said regulators will further study improvements to cross-border cash policies for qualified foreign institutional investors, continue to issue investment quotas in an orderly manner for qualified domestic institutional investors, and work with relevant departments to advance stock and bond connectivity programs, further enhancing two-way opening-up of China's financial markets.

(Edited from China Daily.)

2. China Economic and Trade Information

2.1 China and Canada Agree to Address EV, Rapeseed Issues

On January 22, 2026, China's Ministry of Commerce (MOC) said that China will fully consider Canada's legitimate concerns and its final ruling on the anti-dumping probe into rapeseed imported from Ottawa will be based on facts and evidence.

"China has consistently advocated for resolving trade disputes through dialogue and consultation," the MOC spokeswoman He Yongqian said at a news conference after China and Canada made arrangements to address trade issues including electric vehicles and rapeseed.

Under the arrangement, Canada will grant an annual quota of 49,000 units for Chinese EVs. Within this quota, vehicles will be subject to a 6.1 percent most-favored-nation tariff rate instead of the 100 percent surtax, with the quota set to increase annually by a certain percentage, He said.

"We believe that these measures will play a positive role in deepening China-Canada trade and industrial cooperation in related sectors, as well as enhancing the well-being of people in both countries," she added.

(Edited from China Daily.)

2.2 China Opposes EU's Listing of Some Chinese Firms as "High-Risk Suppliers"

China firmly opposes the European Union (EU)'s move to list some Chinese enterprises as so-called "high-risk suppliers," the MOC said on January 22, 2026.

The MOC spokesperson He Yongqian told a regular press conference that the EU recently issued documents requiring member states to exclude "high-risk suppliers" from 18 key sectors, including energy, transportation and ICT service management. He added that China has voiced serious concerns over this move.

Chinese companies have long operated in Europe in strict compliance with local laws and regulations, delivering high-quality products and services and contributing to Europe's telecom and digital industries, yet the EU has, without any factual basis, listed some Chinese firms as "high-risk suppliers" and restricted their involvement in 5G development, said the spokesperson.

China resolutely opposes the EU's discriminatory practices and wrong approach of politicizing economic and trade issues and overextending the concept of security, according to the spokesperson.

(Edited from Xinhua.)

2.3 China Says Highly Concerned about EU's Cybersecurity Package Reportedly Targeting China

On January 21, 2026, A Chinese foreign ministry spokesperson expressed grave concern over the latest cybersecurity package rolled out by the European Commission aimed at forcibly de-risking supply chains in the mobile networks, which some commentators say targets China.

Guo Jiakun, the spokesperson, said Chinese companies are never a security threat to European countries as they have long been conducting lawful operation in Europe and are law-abiding and high-quality providers for the EU's telecom and digital sector.

He said that forcefully limiting or banning companies from the market without any evidence and based on non-technical standards "seriously violates market principles and fair competition."

This act of protectionism is yet another example of turning normal cooperation to political and security issues, he said, adding that attempts to arbitrarily intervene in the market and violate economic rules don't make one country safer but pay huge price.

"Facts prove that in a handful of countries, phasing out quality, safe and secure Chinese telecom equipment not only stifles digital and cyberspace advancement, but also causes huge economic loss," Guo said.

The European Commission dismissed the sheer fact that Chinese companies have provided secure and high-quality products, and that China and the EU have sound foundation and potential for cooperation in digital network industry, but used security as a pretext for political manipulation, the spokesperson said.

"This not only gravely hinders the EU's technological progress and economic growth, but also tarnishes its reputation for an open market and saps foreign companies' confidence in investing in the EU," he said. "We urge the EU to stop pursuing the wrong path of protectionism."

China will do what is necessary to defend Chinese companies' lawful rights and interests, Guo added.

(Edited from Xinhua.)

2.4 China Urges U.S. to Stop Using So-called "China Threat" as Pretext for Pursuing Selfish Gains

China has repeatedly stated its position on the Greenland issue, and urged the U.S. to stop using the so-called "China threat" as a pretext for pursuing its own interests, a Chinese Foreign Ministry spokesperson said on January 19, 2026.

Spokesperson Guo Jiakun told a regular news briefing that the international law based on the purposes and principles of the UN Charter is the foundation of the existing international order and must be upheld.

Guo made the remarks when responding to a query about U.S. President Donald Trump's recent announcement that the U.S. would impose a 10 percent tariff from Feb. 1 on goods from Denmark, Norway, Sweden, France, Germany, Britain, the Netherlands and Finland over Greenland and raise the levy to 25 percent from the beginning of June unless a deal is reached for the U.S. to purchase the territory.

(Edited from Xinhua.)

2.5 Multinationals, International Institutions Hail China’s Commitment to Multilateralism, Free Trade at WEF

China's participation in the ongoing World Economic Forum (WEF) Annual Meeting 2026, including a special address by Chinese Vice Premier He Lifeng, highlighted its advocacy for multilateralism, free trade, and an open global economy, positioning the country as a reliable partner committed to inclusive globalization, positions that are being hailed by multinationals and international institutions.

ABB, a Swiss tech giant, is one of the WEF partners. Morten Wierod, chief executive officer of ABB, previously said that China offers enormous opportunities. "As China advances green development, the Chinese market is experiencing significant growth, and the company hopes to do more in China in the future," Wierod said.

According to the Global Trade Observatory Annual Outlook Report 2026 released on Wednesday at the Davos forum by DP World, a Dubai-based multinational logistics company, 17 percent of surveyed executives pointed to China when asked where trade growth potential would be greatest in 2026, with 22 percent pointing to Europe,followed by Asia Pacific (14 percent) and North America (13 percent). The findings were based on a survey of 3,500 senior supply chain and logistics executives across eight industries and 19 countries, conducted ahead of the WEF Annual Meeting in Davos.

"I think people are realizing that China could be a big growth area over the next decade," Mitchell Green, founder and managing partner of Lead Edge Capital, told Bloomberg during the WEF on January 21, 2026.

WEF President and CEO Borge Brende noted that China is witnessing increased growth in frontier technologies and is doubling down on investment in research, development and innovation. "Technologies can represent huge opportunities for productivity gains and also growth in the years to come, and China is a major contributor to that. China has been underlining the importance of multilateralism. A multilateral system, centered on the United Nations, is needed for the world to address key global challenges." said Brende, according to Xinhua.

"Amid persistent global geopolitical tensions and rising risks of economic fragmentation, China's transition from high-speed to high-quality development is delivering much-needed momentum and stability to the global economy," said Maroun Kairouz, managing director of the WEF, according to Xinhua. Kairouz also pointed out that China's reforms not only strengthen its own economic resilience but also create new global opportunities in clean energy, technology and trade in 2026 and beyond. This progress helps address shared challenges in an uncertain global environment.

(Edited from Global Times.)

2.6 China Expresses Support for UN After Trump Says Board of Peace "Might" Replace It

China has always been committed to true multilateralism, and will firmly safeguard the international system with the United Nations at its core, foreign ministry spokesperson Guo Jiakun said on January 21, 2026.

Guo made the remarks at a news briefing after U.S. President Donald Trump said on Jan. 20 that the UN should continue because of its potential, but the Board of Peace he proposed "might" replace the organization.

No matter how the international situation evolves, China will firmly safeguard the international system with the UN at its core, the international order underpinned by international law, and the basic norms governing international relations based on the purposes and principles of the UN Charter, Guo said.

(Edited from Xinhua.)

2.7 China to Strengthen Emerging, Future Industries in 2026-2030

China will implement a series of initiatives and actions aimed at further developing and strengthening emerging and future industries during the 15th Five-Year Plan period (2026-30), an official with the Ministry of Industry and Information Technology (MIIT) said on January 21, 2026.

Efforts will be deepened in seeking to foster new growth drivers of emerging sectors, boost the application of new manufacturing technologies and products in new scenarios, and establish national demonstration bases for emerging industries, Zhang Yunming, vice-minister of the MIIT, said at a press conference.

In terms of future industries, China will advance the implementation of guidelines on promoting the sectors' innovative development, carry out a slew of forward-looking sci-tech projects of strategic significance, and support local authorities in developing future industries in line with local conditions, Zhang noted, adding that authorities will further leverage government investment funds.

During the 14th Five-Year Plan period (2021-25), a group of emerging industries, including new energy vehicles (NEVs), photovoltaics as well as low-altitude, shipbuilding and marine engineering equipment, achieved fast expansion, further enhancing the reputation of "Made in China," Zhang said.

The official also highlighted the record highs of China's NEVs output and sales, the steady growth of the photovoltaic industry, increases in varieties and quantities of civil drones, as well as progress made in both quantity and quality in the shipbuilding industry in 2025.

(Edited from Xinhua.)

2.8 Uganda's Dried Chili Peppers Make First Export to China

A batch of dried chili peppers from Uganda has recently passed customs in Shanghai, marking the first export of Ugandan dried chili peppers to China after gaining market access in the country.

The 11 tonnes of dried chili peppers entered China via sea transport through the Waigaoqiao port area in Shanghai, the municipal customs authorities said on January 19, 2026. Customs officials collected samples for inspection and confirmed that the agricultural products were free from pests, mold and impurities.

According to Shanghai Customs, in 2025, the value of agricultural products imported through Shanghai ports from Africa reached 10.03 billion yuan (about 1.43 billion U.S. dollars), marking a 25.3 percent increase compared to 2024.

From 2021 to 2025, Shanghai ports cumulatively imported African agricultural products valued at 39.21 billion yuan, with an average annual growth rate of 10.9 percent.

(Edited from Xinhua.)

2.9 China's Hainan Reports Surging Imported Zero-tariff Goods

One month into the island-wide special customs operations, Hainan Free Trade Port (FTP) in south China has made initial achievements in trade and logistics efficiency.

On December 18, 2025, China launched island-wide special customs operations in the Hainan FTP, allowing freer entry of overseas goods, expanding zero-tariff coverage, and introducing more business-friendly measures.

One notable special customs policy is offering "freer access at the first line," referring to freer trade between Hainan and areas outside China's customs borders, and "regulated access at the second line," which involves applying standard customs controls for goods moving from Hainan to the mainland.

According to Haikou Customs, from Dec. 18, 2025 to Jan. 17, 2026, the value of "first line" imported zero-tariff goods was 750 million yuan (about 107 million U.S. dollars); the value of processed and value-added goods sold domestically through the "second line" was about 85.9 million yuan.

(Edited from Xinhua.)

2.10 Hong Kong Adopts Proactive, Prudent Approach in Digital Asset Development

As an international financial center, Hong Kong adopts a proactive yet prudent approach to the development of digital assets, according to a press release published by China's Hong Kong Special Administrative Region (HKSAR) government on January 21, 2026.

This is a remark made by Financial Secretary of the HKSAR government Paul Chan at the World Economic Forum (WEF) Annual Meeting in Davos, Switzerland on January 20, 2026.

Chan said that Hong Kong follows the principle of "same activity, same risk, same regulation" to promote responsible and sustainable market development.

Chan said that since 2023, Hong Kong has issued licences to 11 virtual asset trading platforms, and a licensing regime for stablecoins is expected to be launched later this year.

Chan also highlighted the HKSAR government's leadership role in promoting tokenization, including the issuance of three batches of tokenized green bonds amounting to around 2.1 billion U.S. dollars.

Chan said that finance and technology are mutually reinforcing. Finance also plays a vital role in supporting and enabling technological development.

Financial innovations, such as digital assets, not only enhance transparency, efficiency, inclusiveness and risk management in financial services, but also facilitate more effective capital allocation to the real economy, he added.

During the meeting, Chan met with Director-General of the World Trade Organization (WTO) Ngozi Okonjo-Iweala. Chan said that Hong Kong and China firmly support free trade and multilateralism, and expressed support for the WTO's efforts to pursue reforms in response to current global challenges, with a view to enhancing its agility in addressing emerging issues in international trade.

(Edited from Xinhua.)

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