



# ***Economic & Trade Alerts***

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## 1. Economic and Trade Friction Cases about China

### 1.1 China Urges Fairness Over British Steel Nationalization Plan

On May 14, 2026, China urged Britain to uphold fairness, impartiality and non-discrimination following media reports that the British government is planning to nationalize British Steel, owned by China's Jingye Group.

The British government should "uphold fairness, impartiality and non-discrimination, act cautiously in its decisions, and safeguard the legitimate rights and interests of Chinese enterprises," said a spokesperson for China's Ministry of Commerce.

The British government has been in control of British Steel for over a year since taking it over from the Chinese company, the spokesperson said, stressing that any action taken by Britain should fully consider the substantial investment made by the Chinese company in the British steel industry and its contribution to the British economy and society.

The spokesperson called on Britain to respect the will of the Chinese enterprise and market principles, refrain from abusing administrative coercive measures, and actively seek a fair, just solution acceptable to both sides.

(Edited from Xinhua.)

## 2. China Policies/Regulations

### 2.1 China Outlines Legislative Priorities for 2026

On May 11, 2026, China outlined its 2026 legislative priorities, as the country released annual legislative plans for both the National People's Congress (NPC) Standing Committee and the State Council.

With a focus on strengthening legal frameworks related to public well-being, lawmakers will advance revisions to the Road Traffic Safety Law and the Teachers Law and draft laws on social assistance, healthcare security, and childcare services, according to the annual legislative agenda of the NPC Standing Committee.

The agenda also includes drafting laws on state-owned assets, finance, procuratorial public-interest litigation and combating cross-border corruption.

The State Council will formulate regulations on the development of a unified national market, judicial offices and investigation and rectification of potential production safety hazards, according to its annual legislative agenda.

(Edited from Xinhua.)

## **2.2 Chinese Authorities Step Up Efforts to Tighten Safety Oversight of NEVs**

On May 14, 2026, Chinese authorities called for stronger safety oversight of new energy vehicles (NEVs) as part of efforts to ensure the sound and sustainable development of the industry.

During a video conference jointly held by the Ministry of Industry and Information Technology, the State Administration for Market Regulation, and the National Fire and Rescue Administration, it was urged that vehicle manufacturers and power battery makers shoulder primary responsibility for product quality and safety, and treat such work as a top priority.

Risk prevention measures should be strengthened across the entire industrial chain, covering product research and design, manufacturing, supply chain management, operational monitoring, and after-sales service, according to the meeting.

It also called for greater efforts to guide consumers in the proper use of vehicles, intensify the screening of potential safety hazards, and firmly safeguard the safety baseline.

(Edited from Xinhua.)

### **2.3 China's Market Regulator Launches Campaign to Protect Fair Competition**

On May 13, 2026, China's State Administration for Market Regulation (SAMR) announced a nationwide campaign aimed at tackling obstacles to building a unified national market and fostering fair competition.

Running from May to December, the campaign will focus on problems that impede fair market access and independent business operations, as well as those that restrict the free flow of goods, SAMR official Wang Shizhong said.

(Edited from Xinhua.)

### **2.4 China Accelerates AI Agent Governance Amid Emerging Security Risks**

China is stepping up efforts to regulate and secure artificial intelligence (AI) agents in response to an increase in vulnerabilities tied to emerging open-source technologies.

On May 8, the Cyberspace Administration of China (CAC), the National Development and Reform Commission and the Ministry of Industry and Information Technology (MIIT) jointly issued guidelines for the standardized application and innovative development of AI agents, clearly stressing the principles of safety and controllability, as well as standardization and orderliness, regarding the development of AI agents.

In April, five central departments including the CAC rolled out regulations on AI anthropomorphic interactive services, establishing a risk-based oversight mechanism that mandates security assessments and algorithm filings, and proposed building an AI sandbox security service platform. This move marks the country's first articulation of the AI sandbox governance concept.

Meanwhile, the MIIT and other authorities have released guidelines to standardize tech ethics reviews, requiring AI models to maintain robustness, controllability, transparency and accountability. Authorities are also accelerating the development of a national AI security standard system to set clear ground rules for the industry's sound growth.

According to the China National Vulnerability Database of Information Security (CNNVD), 111 vulnerabilities associated with OpenClaw were recorded between April 14 and April 28 alone. These flaws range from access control errors to critical code issues.

(Edited from Xinhua.)

## **2.5 SAMR Releases 19 National Ship Standards to Enhance Green, Intelligent Development**

China's top market regulator, the State Administration for Market Regulation (SAMR), has released 19 national standards for the ship sector, covering key areas such as new energy-powered ships, intelligent classification, smart life buoys and methanol fuel engines. They will further support the improvement of green and intelligent development in the shipping industry, China Media Group (CMG) reported on May 13, 2026.

In the field of green and low-carbon ships, the new standards include terminology for new energy-powered ships. These standards unify the definitions of new energy-powered vessels across various propulsion

types, including battery-powered, liquefied natural gas-powered, and methanol fuel-powered systems, according to the report.

They also set clear technical requirements and test methods for methanol fuel engines, covering key performance indicators such as starting performance, specific heat consumption rate, operating characteristics, and exhaust emissions.

This provides a solid technical basis for improving the manufacturing quality of methanol fuel engines, said the report.

(Edited from Global Times.)

## **2.6 China Tightens Cosmetics Trade Rules to Protect Public Health**

On May 11, 2026, China's General Administration of Customs (GAC) said that it has issued a revised set of rules on inspection and quarantine for cosmetics imports and exports, in a move to safeguard public health.

Effective from Dec. 1, 2026, the revised rules will strengthen coordinated oversight across the entire industry chain, facilitate cross-border trade, and support the development of new business models, GAC official Li Jingsong told a press conference.

According to the GAC, the revised rules streamline customs supervision of cosmetics for exhibition to meet demand for product debuts and launches. Eligible imported samples and exhibits will enjoy faster clearance and a shorter time to market, allowing consumers to access new international products sooner.

Cosmetics imports and exports have become an important part of China's foreign trade and have posted steady growth. In 2025, the total value of such trade reached 171.61 billion yuan (about 25.06 billion U.S. dollars), up 2.7 percent year on year.

(Edited from Xinhua.)

## **2.7 China Unveils Guidelines to Regulate, Boost Innovative Development of AI Agents**

Chinese authorities have issued implementation guidelines to promote the standardized application and innovative development of artificial intelligence (AI) agents, amid the country's accelerated push to advance the "AI plus" action.

The guidelines, jointly issued by the Cyberspace Administration of China, the National Development and Reform Commission (NDRC) and the Ministry of Industry and Information Technology (MIIT), aim to incorporate the State Council's guidelines on implementing the "AI plus" action and foster the orderly growth of intelligent agents as key forms of AI products and services, according to an official statement.

The document defines AI agents as intelligent systems capable of autonomous perception, memory, decision-making, interaction, and execution that are rapidly integrating with cyberspace and the physical world as advanced technologies such as large language models emerge.

The guidelines outline fundamental principles for the development of AI agents, stressing safety and controllability, orderliness and standardization, innovation-driven growth and application-oriented traction.

(Edited from Xinhua.)

## **2.8 Chinese Industry Bodies Issue Trial Guidelines to Advance Unified Market**

On May 8, 2026, seventeen national industry associations and chambers of commerce jointly released a set of trial guidelines for domestic trade transactions, aiming to build a unified, open and orderly competitive market system and further advance the development of a unified national market in China.

China's domestic trade market is large in scale, in 2025, the country's consumer market steadily ranking second in the world. However, domestic trade continues to face problems, including irregular transactions, prolonged payment cycles and difficulties in collecting payments. Enterprises have been calling strongly for the establishment of unified, high-standard transaction rules with clear rights and responsibilities.

Comprising 38 articles across seven chapters, the guidelines are grounded in the principles of law compliance, equal and voluntary dealings, good faith and fair competition.

They cover the full transaction process from contract signing and goods delivery and acceptance to payment terms and settlement, dispute resolution and business conduct norms, thus providing enterprises with actionable and easily implementable codes of conduct.

These guidelines were co-released by bodies including the China Federation of Logistics and Purchasing, the China General Chamber of Commerce, the China National Textile and Apparel Council, the China National Light Industry Council, and the China Federation of Internet Societies.

(Edited from Xinhua.)

## 3. China Economic and Trade Information

### 3.1 Xi, Trump Reach Series of New Common Understandings

Chinese President Xi Jinping and U.S. President Donald Trump had an in-depth exchange of views on major issues concerning the two countries and the world and reached a series of new common understandings, a Chinese foreign ministry spokesperson said on May 15, 2026.

The spokesperson made the remarks on Trump's visit to China, the first U.S. presidential visit to China in nine years and Trump's second since November 2017.

The two presidents agreed on a new vision of building a constructive China-U.S. relationship of strategic stability to provide strategic guidance for China-U.S. relations over the next three years and beyond, promote the steady, sound and sustainable development of China-U.S. relations, and bring more peace, prosperity and progress to the world, the spokesperson said.

The two presidents have reached important common understandings on handling their mutual concerns in a proper manner. They both agreed to strengthen communication and coordination on international and regional issues, the spokesperson added.

Interactions between the two presidents have enhanced mutual understanding, deepened mutual trust, advanced practical cooperation, increased benefits for the people of both countries, and injected much-needed stability and certainty into the world.

(Edited from Xinhua.)

### **3.2 China Ready to Work With U.S. to Expand Cooperation List**

China is ready to work with the United States to continuously expand the list of cooperation and shorten the list of problems in the spirit of equality, respect and mutual benefit, and promote the healthy, stable and sustainable development of bilateral economic and trade ties, the Ministry of Commerce said on May 14, 2026.

Ministry spokesperson He Yongqian made the remarks while commenting on the China-U.S. economic and trade consultations held in the Republic of Korea on May 13 local time.

(Edited from Xinhua.)

### **3.3 Iran Begins Letting Some Chinese Ships Cross Strait of Hormuz**

It has become possible since May 13 night for a number of Chinese ships to pass through the Strait of Hormuz in compliance with Iranian management protocols, the semi-official Fars news agency reported on May 14, citing an informed source.

Iran tightened its grip on the Strait of Hormuz beginning Feb. 28, when it barred passage to vessels belonging to or affiliated with Israel and the United States following their joint strikes on Iranian territory.

Meanwhile, Fars quoted a senior official of the Navy of Iran's Islamic Revolution Guard Corps as saying that 30 vessels have passed through the Strait of Hormuz since the night of May 13.

The official added that different countries have accepted the Iran-designated route for passage through the strait.

(Edited from Xinhua.)

### **3.4 EU Must Heed Beijing's Stern Warning**

China regards the European Union as a key partner willing to uphold multilateralism and free trade. However, this perspective is now facing challenges due to the European Commission's multiple unilateral restrictive policies, bills and sanctions that mainly target China.

A recent strongly-worded statement from a Chinese diplomat in Madrid cautioned that the EU's planned investment restrictions might compel China to "close its doors" to EU companies. The recent EU protectionist actions have prompted China to review its economic relations with the bloc.

Speaking in an unusually straightforward tone, Qu Xun, a diplomat at China's embassy in Spain, said that the "controls, limitations, and sanctions" introduced by the European Commission toward China in the

past three months have pushed China into a corner, leaving it with no option but to close the door if it persists with its protectionism.

To a large extent, the catalyst for this blunt message was the EU's proposed Industrial Accelerator Act and the revision of its Cybersecurity Act. The IAA seeks to impose onerous restrictions on foreign investment in strategic sectors with the goal of reducing dependence on so-called "subsidized" imports from China.

In the past few months, China's Ministry of Commerce has repeatedly expressed its opposition to the EU's politicization and over-securitization of trade and economic issues and its discriminatory treatment of Chinese enterprises.

The stern warning issued by the Chinese side should be taken seriously.

(Edited from China Daily.)

### **3.5 China's Digital Industry Revenue Up 12.9% in Q1**

China's digital industry generated a revenue of 9.5 trillion yuan (\$1.39 trillion) in the first quarter, up 12.9 percent from the same period last year.

The growth rate is 3.5 percentage points higher than the same period last year, data from the Ministry of Industry and Information Technology showed on May 14, 2026.

In the period, the digital industry achieved a total profit of 737.8 billion yuan, up 23.6 percent year-on-year, with the growth rate accelerating by 16.6 percentage points.

The number of 5G base stations in China topped 4.9 million by the end of March, per the data.

In the first three months of the year, the value-added industrial output of major companies in the electronic information manufacturing sector

expanded 13.6 percent year-on-year, while the revenue of the software sector increased by 11.7 percent year-on-year.

(Edited from Xinhua.)

### **3.6 Auto Sector Vrooms Into New Growth Era**

China's auto industry is accelerating its green and high-quality transformation, powered by the rapid growth of new energy vehicles, which signaled a structural shift by accounting for more than half of China's monthly car sales in April.

NEVs made up 53.2 percent of total new car sales in April, up from 47.3 percent a year earlier, according to the China Association of Automobile Manufacturers.

In the first four months, NEV sales reached 4.304 million units, while total auto exports surged 61.5 percent to 3.127 million units, with NEV exports more than doubling to 1.384 million units.

Chinese NEVs are gaining traction with consumers worldwide, not by displacing rivals, but by offering competitive value. In Peru, Chinese brands held a 33.7 percent market share, the largest among 25 bestsellers, as of February, according to the Automobile Association of Peru.

As policy support, including tax incentives and the expansion of charging networks, continues, and as international cooperation deepens, China's auto industry is poised to play a constructive role in shaping a cleaner, smarter and more interconnected global mobility future.

(Edited from China Daily.)

### **3.7 Chinese-Made EVs Increasingly Visible in Britain**

Chinese-made electric vehicles (EVs) have become increasingly visible in the British market, David Bailey, professor of business economics at the

University of Birmingham, said in a written interview with Xinhua on May 14, 2026.

"Chinese brands have clearly moved from fringe players to mainstream contenders in the UK market," Bailey said.

His remarks came as figures released by the Society of Motor Manufacturers and Traders (SMMT) showed that Chinese-made EVs account for a growing share of Britain's EV market in the first four months of 2026.

According to SMMT data, Chinese brands, including BYD and Jaecoo, sold 30,480 EVs in Britain between January and April, accounting for 17.4 percent of EVs sold during the period. When brands owned by Chinese companies, such as Volvo, Polestar and Lotus, are included, the total rises to 40,222 EVs, representing 22.7 percent of all EVs sold in Britain during the four months.

(Edited from Xinhua.)

### **3.8 Chinese Carriers to Raise Fuel Surcharges on Domestic Routes From May 16**

Several Chinese carriers, including Air China, China Southern Airlines and Xiamen Airlines, have announced plans to increase fuel surcharges on domestic routes for tickets sold starting from May 16, 2026.

For routes of 800 kilometers and below, the fuel surcharge will be set at 90 yuan (about 13.16 U.S. dollars) per flight segment, and 170 yuan per segment for routes exceeding 800 kilometers.

For tickets on domestic routes sold on or before May 15, any changes made after May 16 will not be subject to the updated standards.

Chinese airlines currently levy a fuel surcharge of 60 yuan on domestic routes of 800 kilometers and below, and 120 yuan on routes exceeding

800 kilometers.

(Edited from Xinhua.)

### **3.9 China-Europe Railway Express Trips Top 130,000**

The China-Europe Railway Express has made 130,000 trips by May 9, 2026, marked by the departure of a freight train from Zhengzhou, capital of central China's Henan Province, bound for Hamburg, Germany, at 10 a.m. local time.

Total cargo value has exceeded 520 billion U.S. dollars, according to the China State Railway Group Co., Ltd.

The company said it has continuously optimized the operating routes of the China-Europe Railway Express over the years, designating 93 scheduled lines with a designed speed of 120 km per hour.

Currently, 129 Chinese cities operate China-Europe Railway Express services, connecting 235 cities in 26 European countries and more than 100 cities in 11 Asian nations, covering most of Eurasia.

Freight rates have fallen by over 40 percent since the launch of the service. The trains now transport more than 50,000 types of goods across 53 categories. Major export items include high-value products such as automobiles and auto parts, machinery, electronics, and electrical equipment, while imports to China via the service include European timber, pulp, specialty agricultural products and daily consumer goods.

(Edited from Xinhua.)



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