FSR Damages China-EU Economic Ties

Clear Voice

By SUN Jin & HU Dingkun

Dawn raids on a Chinese digital platform and frequent probes into Chinese enterprises are some of the measures taken by the European Commission (EC) under the new EU Foreign Subsidies Regulation (FSR), China's Ministry of Commerce said.

The targeted companies include CRRC, leading Chinese locomotive manufacturer, and advanced security & inspection solution supplier Nuctech, which were subjected to an in-depth investigation.

These actions are egregious and discriminatory in nature, evidently targeting Chinese companies.

China is closely monitoring these moves by the EU and will take necessary measures to safeguard the legitimate rights and interests of Chinese enterprises.

The FSR, which took effect in July 2023, requires enterprises participating in EU public tenders or merger and acquisition transactions exceeding certain thresholds to notify the EC about any foreign subsidies they receive. The EC can launch in-depth investigations based on notifications or initiate ex-officio investigations independently.

Although the FSR claims to be country-neutral, its enforcement has shown strong targeting and discriminatory bias.

In-depth investigations primarily target Chinese enterprises, with very few cases involving companies from other countries.

A view of the container terminal of Zhoushan Port in Ningbo, east China's Zhejiang province. (PHOTO: XINHUA)

According to Dutch law firm Houthoff, during the two-year implementation of the FSR, the EC received over 2,100 public procurement notifications, but initiated only three in-depth investigations based on these notifications.

All three were Chinese technology companies in new energy, transportation equipment and related fields, and were forced to withdraw from tenders post-investigation.

In addition, the EC launched two ex-officio investigations targeting Chinese wind turbine and security scanner suppliers.

In December, the EC conducted a foreign subsidies investigation into a Chinese e-commerce platform and conducted dawn raids at the enterprise's European headquarters in Ireland.

Reports also indicate that the EU is conducting similar investigations into Chinese electric vehicle manufacturers.

Additionally, the FSR does not clearly define which foreign subsidies would distort competition in the EU market.

In October 2024, the global law firm Hogan Lovells released a report stating that the breadth of the FSR, lack of transparency, and the EC's wide discretion mean there is significant uncertainty in terms of the EC's objectives and how the relationship between subsidies and the market is defined.

The FSR has severely damaged the EU business environment and significantly disrupted the normal operations of multinational enterprises, particularly Chinese enterprises within the EU.

China's Ministry of Commerce estimates that FSR enforcement has already led to direct and indirect losses valued at approximately 2.1 billion EUR. A 2025 survey by the EU's China Chamber of Commerce found that over 63 percent of its members have been directly or indirectly impacted by FSR procedures, with half citing concerns over reputational risk.

In addition to the targeted suppression of Chinese enterprises, the implementation of the FSR has put significant administrative pressure on companies from other countries operating in the EU as well.

In July last year, the international law firm White & Case stated that the FSR compliance places a heavy burden on internal corporate resources and constitutes a burdensome compliance obligation on these enterprises.

Even when a subsidiary has no connection to its EU transaction in question, the notified enterprise must disclose all foreign subsidies received by all subsidiaries. The data collection process is complex, time-consuming, and requires substantial work.

In December 2024, the Washington, D.C.-based law firm Crowell and Moring pointed out that the FSR's notification requirements encompass not only foreign subsidies, but also include loans, capital injections, debt relief, tax breaks and more, making it a daunting task for any company engaged in international operations.

As a major global economy, the EU should uphold fair and open trade, but has instead built discriminatory barriers against Chinese enterprises. Cooperation with China is vital for the EU's energy transition and supply chain security. Excluding Chinese enterprises harms mutual interests.

The EU should ensure a just, equal, and transparent business environment, avoiding damage to China-EU economic relations through regulations like the FSR.

U.S. Probe on China's Chips Exposes Double Standard

Comment

By LIANG Yilian & HU Dingkun

The Office of the U.S. Trade Representative (USTR) has released the findings of an investigation targeting China's semiconductor industry, which allege that China's efforts to strengthen its position in the sector are "unreasonable" and impose burdens or restrictions on U.S. commerce.

The USTR also announced that from June 2027, additional tariffs will be levied on semiconductor products imported from China, with specific rates to be disclosed at least one month in advance.

The investigation was carried out under Section 301 of the U.S. Trade Act, which gives the USTR authority to take unilateral action against foreign trade practices it finds unfair. Section 301 has been frequently used against China.

At the core of Washington's accusation is the claim that China relies on industrial planning, subsidies, and other so-called "market-distorting policies" to promote semiconductor development.

This charge, however, is a textbook case of projection. In reality, the U.S. is the most aggressive practitioner of "market-distorting policies" in the global semiconductor industry and not in a position to criticize others.

In August 2022, then U.S. President Joe Biden signed the CHIPS and Science Act, authorizing 52.7 billion USD in direct subsidies for the U.S. semiconductor industry. The legislation also provides a 25 percent investment tax credit for chip manufacturing facilities and related equipment, while imposing strict restrictions on recipients, including a ban on significant expansion of advanced chip production in China for a decade.

Following Donald Trump's return to office, the U.S. government repeatedly threatened to impose tariffs on imported semiconductor chips, using trade pressure to compel global chipmakers to build manufacturing plants in the U.S.

In this sense, the U.S. semiconductor policy has merely shifted from carrots to sticks. The Biden administration favored financial incentives, while the Trump administration leans on coercive measures.

Yet despite their different approaches, the objective remains the same: bolstering U.S. semiconductor capabilities through state intervention and securing a competitive edge through policies that depart sharply from free-market principles.

The USTR's assertion that China seeks semiconductor dominance in order to increase U.S. dependence and vulnerability is even less convincing. China's semiconductor industry remains primarily focused on meeting domestic demand rather than exporting aggressively to foreign markets, let alone engineering U.S. reliance on Chinese supply.

China's chip production capacity is concentrated largely on mature-process nodes of 28 nanometers and above. According to a memorandum released in 2024 by the French Institute of International Relations, approximately 80 percent of China's mature-process chips are sold within the domestic market.

The report also notes that China places greater emphasis on investment in technological research and development than on unchecked capacity expansion.

As domestic demand for mature-process chips has grown at roughly the same pace as production capacity, the likelihood of Chinese chips flooding Western markets remains low.

A similar conclusion was reached in April 2024 by the U.S.-based Center for Strategic and International Studies, which found that even by 2030, the bulk of China's semiconductor output will be absorbed by strong domestic demand.

Ironically, it is the U.S. — not China — that has openly weaponized semiconductors. Leveraging its technological dominance in advanced chips, Washington has imposed sweeping export controls aimed at slowing China's progress in semiconductors, artificial intelligence, and related industries.

In June 2025, the Federation of American Scientists published an analysis stating that the goal of restricting China's exports is to "reduce China's access to global markets and starve their industrial machine."

The article argued that tariffs represent the most direct approach for curbing China's semiconductor exports and can be implemented under a variety of forms and justifications.

Thus, while export controls are used to impede China's advanced chip development, tariffs are now being prepared to undermine China's mature-process manufacturing capacity. Taken together, these measures suggest an attempt to construct a comprehensive containment strategy aimed at constraining China's semiconductor industry across the board.

Yet experience has already shown that sustained pressure and containment will not halt China's technological progress. Tariffs on Chinese chips will not stall the development of China's semiconductor sector. Instead, they are more likely to exacerbate global supply chain disruptions and impose higher costs on U.S. industries and consumers alike.

Innovation Fast-tracks Agricultural Renewal

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They are driving prosperity, helping solve challenges in mountainous agricultural development, and injecting vitality into rural revitalization.

In Yuanmou county, Yunnan province, examples of smart agriculture can be seen everywhere. The breeding time for highland barley has been cut by half and 26 new tomato species have been bred via molecular breeding. Crop planting and management are now using the Internet of Things, via over 3,700 sensors, while an intelligent water-fertilizer integration system enables remote operation, with comprehensive coverage of technologies, including factory-based seedling cultivation and efficient water-saving irrigation.

Many innovation modes, such as "Science and Technology Matchmakers," "Science and Technology Commissioners," and "Science and Technology Backyards," were adopted by local governments and research institutes to promote the deep integration of science, technology and industries.

Sun Jiabo, leader of the urban agriculture team at Shandong Academy of Agricultural Sciences (SAAS), was seconded to a county-level government, where he served as deputy magistrate in charge of science and technology of Boxing county, Binzhou city, and also worked as a science and technology matchmaker.

"To understand the needs [of the area], I visited every town, street and enterprise in Boxing," Sun said, adding that he also learned about the good crop species and technologies of SAAS, so that they can be connected. "The team is here, the project is here, and technology becomes tangible productivity."

Voice of the World

Global Tourists Praise China's Openness, Culture and Convenience

Edited by QI Liming

During the New Year's Day holiday this year, a popular travel option for foreign tourists was coming to China to ring in the new year. Booking data indicates that from January 1 to 3, over 320,000 inbound flight tickets were booked, growing by approximately 11 percent year on year.

Policies such as extending visa-free periods, expanding visa-free coverage, and optimizing entry services have facilitated travel for foreigners. Several foreign media reported the sustained strong growth momentum of China's tourism industry and China's important position in the global tourism market.

Destination of appeal and opportunities

According to the U.S. magazine *Travel And Tour World*, visa-free entry and the ability to make card payments have ushered in a new era in Chinese tourism.

In the first three quarters of 2025, the number of foreigners entering China on a visa-free basis reached 20.89 million, an increase of over 50 percent compared to the previous year.

Sales eligible for tax refunds on departure also grew by about 98.8 percent year on year. "Going to China with an empty suitcase" has become a new trend on overseas social media platforms.

Gloria Guevara, CEO of the World Travel & Tourism Council (WTTC), said at the 2025 Global Tourism Economy Forum, "China plays a significant role in the global tourism economy." With the implementation of the visa-free policy, the inbound tourism market in China is gearing up for growth. Emerging tourist destinations have become a new driving force, and China's appeal as a business travel and leisure vacation destination is increasing.

The long-term forecast by the WTTC indicates that thanks to its rapid development, China is expected to become the world's largest tourism market within the next few years.

Brazilian news and political analysis website Brasil 247 reported that from cutting-edge trends to intelligent technologies, the shopping experience in China is resonating in sync with the global travel boom.

Rising forms of culture + technology

Home to two UNESCO World Heritage Sites, Huangshan city in Anhui province in eastern China has introduced two measures: the "Digital Huizhou" project and the "time-slotted reservation + carbon credit" ecological management model. The latter promotes the diversion of tourists through digital platforms, reducing the pressure on the capacity of popular scenic spots to receive visitors.

Vedomosti, a Russian-language business daily newspaper published in Moscow, said this marks a shift in Huangshan's two World Heritage Sites from mass tourism to a new paradigm where culture, technology and sustainable development operate in a coordinated manner.

In *Vedomosti*'s report, Svetlana Batanova, senior lecturer of the Financial University in Russia, said immersive interaction transforms tourists from passive observers into active participants, which is particularly important for attracting youngsters and preserving traditional culture.

The Russian website Kam24 reported that China's innovative technologies, unique culture and impressive infrastructure projects are transforming the traditional way of leisure and vacation, offering tourists distinctive experiences.

Today, "technology + tourism" not only represents China's competitive edge but also has become a trend, setting new standards for the tourism industry and shaping China's image as a tourist destination.

Foreign tourists experience local culture during their travels in China. (PHOTO: XINHUA)

China's Innovation Centers Enter New Phase

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More than 250 Guangdong-based companies are now listed in Hong Kong markets, with a combined market value of over 11 trillion RMB.

The success of three international science and innovation centers stems from cross-regional collaboration supported by coordination between the central and local governments.

Take the Beijing-Tianjin-Hebei region as an example. The three places are collaborating on industrial development, jointly mapping out six key industrial chains, including hydrogen energy and biopharmaceuticals.

At the Tianjin Municipal Industry and Information Technology Bureau, *Science and Technology Daily* reporter saw the map for Tianjin's productivity (2025), where the "Beijing-Tianjin high-tech industrial belt" was highlighted, offering a clear, at-a-glance view of the industrial chain layout.

Future plans for expansion

China plans to further expand its science and technology innovation hubs by strengthening connections between Beijing, Shanghai and a wider group of innovation-oriented cities and areas.

These include Tianjin, Nanjing, Hangzhou, Hefei, Suzhou, Ningbo and the Xiong'an New Area in Hebei.

The goal is to make it easier for resources, talent and research platforms to move across regions and improve the overall effectiveness of regional innovation systems.

A series of practical supporting measures, such as strategic planning for scientific and technological development and policies to foster industrial clusters, are expected in the coming days.

In the Beijing-Tianjin-Hebei region and the Yangtze River Delta, preparations are underway to take on these expanded roles.

Beijing will deepen its role as a regional innovation leader, leveraging its integrated education, science and technology mechanisms to strengthen collaborative research.

Shanghai also announced new measures in 2025 to enhance linkages with the Yangtze River Delta and accelerate the growth of national-level advanced manufacturing clusters.