

# China Business Weekly

30 June 2026



## FCCC/EUCBA ACTIVITIES

**LAST PLACES: Exclusive Luncheon with Mr Bernd Biervert-Luth, Chief of Cabinet of EU Trade Commissioner Maroš Šefčovič. Speech topic: “EU-China Trade Relations” – 7 July 2026, 12h00-14h00 – De Warande, Brussels**



The **EU-China Business Association (EUCBA)** is organizing an exclusive luncheon with **Mr Bernd Biervert-Luth, Chief of Cabinet of EU Trade Commissioner Maroš Šefčovič**. The luncheon will take place on **7 July from 12h00 to 14h00 CEST** at **De Warande, Zinnerstraat 1, 1000 Brussels**. Mr Biervert-Luth will deliver a speech on EU-China trade relations.

At a time when global trade dynamics are evolving rapidly, this exclusive luncheon will provide a timely opportunity to gain insights into the **EU's trade agenda with China** and to exchange views on key topics related to **trade and investment between the EU and China**.

**The programme is as follows:**

**12h00 – 12h30** Registration and networking cocktail

**12h30 – 12h35** Introduction by **Mr Jochum Haakma, Chairman, EU-China Business Association**

**12h35 – 12h50** Speech by **Mr Bernd Biervert-Luth, Chief of Cabinet of EU Trade Commissioner Maroš Šefčovič**

**12h50 – 13h10** Q&A Session

**13h10 – 13h45** Networking luncheon and exchange with participants

**14h00** End of luncheon

The luncheon is certain to be well attended, so we strongly recommend you **book now via the button below** to guarantee your place.

**Practical information:**

**Date:** 7 July, 2026

**Time:** 12h00 - 14h00 CEST

**Location:** De Warande, Zinnerstraat 1, 1000 Brussels

**Price:** €185 excl. 21% VAT

**Deadline for subscription:** 1 July, 2026

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## **Webinar: Caught in the Crossfire: Navigating China's Export Controls and US Sanctions as a European Company – 9 July 2026, 10.00 AM**



The Flanders-China Chamber of Commerce is organizing a webinar on “**Caught in the Crossfire: Navigating China's Export Controls and US Sanctions as a European Company**,” taking place on **9 July at 10:00 AM**.

European companies are increasingly facing conflicting regulatory requirements as China expands its export control regime, the United States strengthens its sanctions and export controls, and the European Union develops its own economic security policies.

**Companies operating international supply chains** must now assess not only where their products, technologies, and materials originate, but also where they are ultimately used, who their business partners are, and which jurisdictions may claim authority over a transaction.

**Compliance with US sanctions** or export controls may create exposure under Chinese countermeasures, while **Chinese restrictions on critical materials and technologies** can affect European companies operating in sectors such as automotive, defence, advanced manufacturing, and clean energy.

This session will provide a practical overview of the **growing compliance challenges** and explain how **European companies** can manage competing requirements under **Chinese, US, and EU law**.

### **Topics that will be covered:**

- China's expanding export control regime and recent regulatory developments.
- The extraterritorial reach of Chinese export controls and new re-export requirements.
- The practical implications of rules covering Chinese-origin rare-earth content.
- Potential conflicts between US sanctions, US export controls, and Chinese countermeasures.
- The impact on European automotive, defence, clean-energy, and manufacturing companies.
- The EU's evolving response, including critical raw materials and dual-use export controls.
- Practical steps for supply chain mapping, end-user screening, entity structuring, and compliance programme development.

**The programme is as follows:**

**10:00 – 10:05** Introduction by **Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce**

**10:05 – 10:45** Presentation on "Caught in the Crossfire: Navigating China's Export Controls and US Sanctions as a European Company" by **Matteo Bianchi, PwC Manager in Export Controls & Sanctions** and **Giovanni Gijssels, Partner International Trade at PwC**.

**10:45 – 11:00** Q&A session

**Practical Information**

**Date:** 9 July 2026

**Time:** 10:00 – 11:00 AM

**Location:** Online

**Participation fee: Members:** Free; **Non-Members:** Free

**About the Speakers:**

**Matteo Bianchi, Manager in Export Controls & Sanctions at PwC Belgium.** Advises companies on export control regulations, economic sanctions and customs compliance. He supports businesses in identifying trade-related risks and developing effective compliance frameworks for their international operations.

**Giovanni Gijssels, Partner International Trade at PwC Belgium.** Helps companies navigate the complexities of global trade, customs and regulatory compliance. He advises businesses on aligning their international trade strategies with evolving regulatory requirements, while maintaining operational efficiency and supporting sustainable growth.

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## ACTIVITIES SUPPORTED BY FCCC

### Chengdu Eastern New Area Industry Promotion Conference

**1 July – 14h to 17h – Brussels**



The Chengdu Eastern New Area Industry Promotion Conference is hosted by the Chengdu Eastern New Area Administration, Chengdu Municipal Port and Logistics Office, and the Chengdu Opening-up and International Cooperation Center, and is organized by the Administrative Committee of Chengdu Tianfu International Aerotropolis. The conference will take place on July 1, 2026 at

The conference is organized to seize the opportunities from the Chengdu to Brussels direct flights, further deepen economic, trade and industrial cooperation between Chengdu and Europe, and fully leverage the advantages of Tianfu

International Airport as an international aviation hub. The theme of the conference is “Departing from Tianfu, Forging a Shared Future”.

The conference will provide a focused presentation on the development opportunities, investment environment, and industrial policy support of Chengdu Eastern New Area. It will also feature dedicated business matchmaking and negotiation sessions for Chinese and European enterprises, as well as a signing ceremony for cooperation projects. Chengdu and Belgium enjoy a solid foundation for cooperation and broad prospects for future development. Through this event, we hope to create opportunities for both sides to explore practical areas of collaboration in technology cooperation, market expansion, investment projects, and business establishment, thereby achieving mutual benefit and win-win development.

**The program is as follows:**

**14:00 – 14:30** Event Registration (warm-up with promotional video), Pre-meeting session with representatives of key enterprises and guests

**14:30 – 14:40** The host introduces the participating leaders and guests

**14:40 – 14:50** Speech by **Wu Zhengyu, Deputy Director of the Chengdu Port and Logistics Office**

**14:50 – 15:00** Speech by **Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce (FCCC)**

**15:00 – 15:20** Industrial promotion of Chengdu Eastern New Area by the Administrative Committee of Tianfu International Airport New City

**15:20 – 15:40** Industrial promotion by the Industrial Development Division of the Chengdu Port and Logistics Office

**15:40 – 15:50** Plaque Presentation Ceremony, Chengdu Opening-up and International Cooperation Center presents the "Open Chengdu" Overseas Partner plaque to the Flanders-China Chamber of Commerce.

**15:50 – 16:10 Agreement Signing Session**

- Sichuan Airlines Logistics Co., Ltd. and ATC Aviation Services AG sign a cooperation agreement on cargo consolidation for Brussels cargo flights
- Sichuan Silk Road Leader Supply Chain Management Co., Ltd. and Manuport Logistics of Belgium sign a cooperation agreement
- E-Origin and the Belt and Road Supply Chain Frankfurt Service Station sign a cooperation agreement
- Sichuan International Air Cargo Development Co., Ltd. & Dubai National Air Travel Group Brussels

**16:10 – 16:50** Interactive exchanges and discussions on project cooperation, business environment, industrial matchmaking, and other topics

**16:50 – 17:00** Group Photo Session

**Practical information:**

**Date:** 1 July, 2026

**Time:** 14h – 17h CEST

**Location:** Tangla Hotel Brussels (Royal 1 meeting room), Avenue Emmanuel Mounier 5, Woluwe-Saint-Lambert

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# ENVIRONMENT

## Removal of export tax rebate on solar panels expected to end price wars



**China's solar power industry is entering a mature phase of stable pricing and high-quality manufacturing, following the removal in April of a key export tax rebate, which ends a prolonged era of volume-driven price wars.** The policy shift is acting as a powerful catalyst, forcing weaker, subsidy-reliant manufacturers out of the market while accelerating a much needed return to long-term value. **"This policy marks a critical turning point for the entire industry,"** noted Chen Jiahui, Senior Solar Market Analyst from Shanghai Metals Market, a metal information provider in China. "Top-tier Chinese manufacturers are pivoting from simply exporting basic components to delivering localized, high-efficiency power systems. This will fundamentally shift the core logic of the market from pure supply-and-demand volume to long-term cost efficiency, technological upgrades, and comprehensive service," he said.

Designed to rein in irrational price competition and eliminate outdated production capacity, the policy completely eliminated the 9% VAT export tax rebate for photovoltaic products, including silicon wafers, solar cells, and modules, effective April 1. In addition, to encourage domestic enterprises to focus on core technological breakthroughs rather than rely on export subsidies, the export tax rebate rate for battery products was reduced from 9% to 6% starting April 1 and will be entirely phased out from Jan 1, 2027. This definitive cancellation of the export rebate marks the second major recalibration of China's solar fiscal policy in over a year, following an initial reduction of the rebate rate from 13% to 9% in December 2024, said Lin Boqiang, Dean of the China Institute for Studies in Energy Policy at Xiamen University. Lin described this environment as a "survival of the fittest" landscape.

"For top-tier manufacturers equipped with vertically integrated supply chains, advanced technology, and strong brand pricing power, the policy shift is a golden opportunity to consolidate their dominance," he said. "These firms can absorb cost fluctuations through internal optimization and expand their overseas asset-light production bases." Conversely, **for smaller manufacturers lacking technical advantages and heavily reliant on low-price dumping to survive, the removal of the tax rebate poses an existential threat,** Lin added.

**The era of "involution" – relentless, margin-crushing internal competition – is yielding to a healthy environment where price competition gives way to value competition,** Lin said. According to Chen, anticipating potential cost variations, overseas buyers have proactively secured extensive orders to ensure steady supply chains. Solar panel exports reached a record high this March, rising 125% month-on-month and 67% year-on-year in value terms to USD3.61 billion. According to research firm TrendForce, total first quarter module exports reached between 80 and 100 gigawatts, effectively covering more than a third of the anticipated global demand for the entire year. Consequently, the second quarter is projected to be a period of rational recalibration. Export volumes are expected to stabilize as international channels digest their massive first quarter inventories, paving the way for a steady, healthy market recovery in the third and fourth quarters.

Amy Fang, Senior Analyst at PV consultancy InfoLink Consulting, noted that the robust performance across both module and cell segments in March was a direct result of manufacturers rushing to ship products before the April policy adjustment took effect. She highlighted that while Europe and the Asia-Pacific region remained the primary drivers of this export wave, Africa stood out as a significant emerging growth engine. Echoing this sentiment, S&P Global Analyst Jessica Jin attributed the export boom to both the impending rebate elimination and enhanced profit margins driven by cheaper silver. However, she cautioned that these massive export figures do not strictly mirror actual downstream consumption. Instead of reaching end-users immediately, a portion of these shipments was likely stockpiled at overseas production facilities or intermediate transit hubs.

"Countries are importing solar panels at record levels and building up their own domestic assembly and manufacturing capabilities to address surging global demand," said Euan Graham, Senior Analyst at energy think tank Ember. Beyond the sheer volume of shipments, **China is also moving up the global value chain by exporting more advanced, high-tech solar components.** Chen from SMM points out that while fully assembled modules remain the primary export, accounting for 67% of the total, shipments of higher-value solar cells have become the fastest-growing segment, and now comprise 18% of solar energy exports. Wafers and polysilicon account for 9% and 4%, respectively. Exports to the Association of Southeast Asian Nations (ASEAN) have grown by 29.4%, while shipments to Africa have surged by nearly 50%, illustrating a rapidly expanding global market share in the Global South.

**Starting on August 1, the government will implement binding targets for renewable energy consumption.** This marks a strategic shift in China's energy transition, moving away from the massive capacity expansion seen in recent years toward ensuring clean electricity is actually utilized, the China Daily reports.

# HIGH-TECH

## “Summer Davos” in Dalian focusses on innovation at scale



Innovating at scale has overtaken technological breakthroughs as the defining theme at this year's Summer Davos, with company executives and industry experts pointing to China as a leading example of how artificial intelligence (AI) and other emerging technologies are moving rapidly from laboratories into factories and the wider economy. **Innovating at scale means turning breakthrough technologies from laboratory prototypes or pilot projects into products and services that can be deployed widely across industries and society.** It is not just about inventing new technologies, but about commercializing, manufacturing and adopting them at a scale that creates lasting economic and social impact, industry experts said.

Chinese Premier Li Qiang delivered the keynote address. The Prime Ministers of Bangladesh, Guinea, Kazakhstan, South Korea, Mongolia and Montenegro and more than 1,700 participants also attended the Forum.

Zhou Yuxiang, CEO of manufacturing software company Black Lake, said: “Last year and the year before, discussions around frontier technologies were still largely at the conceptual or laboratory stage. This year, we're seeing innovation being deployed at scale and at an accelerating pace.” China's manufacturing sector is already translating that momentum into business. AI-related products now account for about half of Black Lake's revenue, a sharp increase from last year, Zhou said.

“Chinese manufacturers are making purchasing decisions on AI agents much faster than before. **We expect AI penetration in Chinese factories to rise significantly over the next three to four years.**” Henry Wang, Herbalife's Chief Legal and Public Affairs Officer, said he was particularly pleased to see innovating at scale moving beyond concepts and accelerating from ideas into industrial realities. “Technology is emerging as a critical force to drive the scaled deployment of innovation. Herbalife's global development path, encompassing its journey in China, closely aligns with this trajectory,” he said.

The industrialization of new technologies is also showing up in China's trade data. During the first five months of the year, both exports and imports posted double-digit growth, supported by strong demand for products tied to AI and digital infrastructure investment. Zou Jun, Chairman of KPMG China, said: “China has been actively promoting the commercialization of technological achievements.” Wu Chun, Managing Director at Boston Consulting Group China, said the country's policy support, vast application scenarios, engineering talent and manufacturing capabilities together provide unusually favorable conditions for scaling AI, the China Daily reports.

The Global Times adds that after years of software-first artificial intelligence (AI) development, the technologies with huge impact are moving off screens and into the physical systems that underpin modern economies: energy, medicine, food and materials. **The report, titled “Top 10 Emerging Technologies of 2026,” was also unveiled during the 2026 Summer Davos forum.** Co-published by the World Economic Forum and research publisher Frontiers, the report identifies key technologies most likely to shape industry, policy and society over the next five years. These technologies range from next-generation clean energy, advanced materials and biotechnology to AI and quantum technologies.

### The top ten emerging technologies are:

- Everything-to-grid energy, enabling electric vehicles and buildings to store electricity and feed it back to the grid on demand.
- Direct lithium extraction, replacing slow evaporation ponds with engineered systems that pull battery-grade lithium from salt flats in hours.
- Passive radiative cooling materials, keeping buildings cool without consuming any power.
- PFAS destruction, breaking down “forever chemicals” into harmless, natural substances for clean drinking water.
- Precision fermentation, brewing food ingredients and medicines.
- Exosome drug delivery, using the human body's natural cellular packages to deliver targeted medicines precisely to diseased cells.
- Personalized mRNA cancer vaccines, training a patient's immune system to find and destroy cancer cells.
- Quantum simulation for drug discovery.
- World models, predicting real-world scenarios.
- Lattice-based cryptography, designed to protect sensitive digital data from being hacked by future quantum computers.

# AUTOMOTIVE

## A record 156 new car models to enter the Chinese market in the second half



A record 156 new car models are expected to hit the Chinese market in the second half of 2026, endangering small players' profitability as a new price war looms. The mass-market segment is expected to see an influx of intelligent electric vehicles (EVs) priced at around CNY100,000, but only leading carmakers were expected to secure large orders thanks to their brand awareness and production advantages, analysts said. "Demand for new cars has rebounded but it is not enough to shore up carmakers' profitability," said Eric Han, Senior Manager at Shanghai consultancy Suolei. "New models will drive overall deliveries of mass-market brands, but some companies may face a do-or-die situation due to escalating competition." An HSBC report said the mainland China market would see 58 new models in the third quarter, followed by another 98 in the three months ending December. About 90% of the new entrants were expected to be EVs, it added. About 50 EV makers have been banking on new models to sustain sales growth, thanks to consumers' eagerness to embrace new technology. But developing a new model typically costs billions of yuan in research and development (R&D), leaving underperforming players vulnerable to financial strain.

The China Automotive Dealers Association (CADA) projected June deliveries at 1.65 million units, a 20% year-on-year decline. HSBC said the figure would largely fall

short of expectations despite stepped-up promotions during the Dragon Boat Festival on June 19. Deutsche Bank predicted in January that total vehicle sales in China – including EVs and petrol cars – would fall 5% this year, while UBS projected a 2% fall, citing overcapacity and reduced government support. BYD and Geely, the country's two largest carmakers, plan to launch multiple mass-market models in July and August, featuring higher-performance batteries, more advanced self-driving software, and more sophisticated in-car entertainment systems. "The next inflection point from the low to high season is likely in late August or early September, when we expect demand to regain stronger recovery momentum," HSBC said in the report.

**China produced 34.5 million vehicles in 2025** – including buses, lorries and passenger cars – **up 10.5% year-on-year**, according to the China Association of Automobile Manufacturers (CAAM). The country had an estimated total annual capacity of around 50 million units, said Nick Lai, head of Asia auto research at JPMorgan, in October. Of the nearly 50 Chinese EV makers, only a handful – including BYD and Stellantis-backed Leapmotor – are profitable.

Dealers said a new round of price competition, via promotions and cheaper car loans, would likely take shape late in 2026. Two out of every three new cars sold in China are either pure electric or plug-in hybrid vehicles, according to the China Passenger Car Association (CPCA). International brands, due to their slow transition to electrification, have been losing market share to local rivals over the past three years. In May, international carmakers from Volkswagen to Toyota held a combined 31.3% share of the Chinese market. In the first quarter, the foreign brands, which retained an edge in building petrol models, commanded 39.8% of the Chinese market as a subsidy roll-off and reduced tax incentive curbed demand for EVs, the South China Morning Post reports.

In May, China exported 446,000 NEVs, a year-on-year increase of 110%, accounting for nearly half of total passenger vehicle exports, a figure that comes as no surprise.

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# CHINA NEWS ROUND-UP

## China launches plan to revive falling foreign investment

**China has launched a new, comprehensive action plan aimed at stabilizing foreign investment amid a sustained decline in inflows.** Issued by the Ministry of Commerce (MOFCOM), the Ministry of Finance (MOF) and the National Development and Reform Commission (NDRC), the plan outlined 15 measures to expand market access across services, finance, healthcare and other sectors while improving the quality and structure of foreign investment. The central government would open the door wider to foreign firms seeking opportunities in these sectors, the ministries stated, including allowing overseas participation in vocational training institutions and top-tier universities specializing in science, engineering, agriculture and medicine. Investors from Hong Kong and Macao would be granted earlier and broader access to mainland China's services market, they said.

The Chinese government has repeatedly pledged to expand market access for foreign investors, with President Xi Jinping and other top officials urging "high-level opening up" in speeches and articles. Under the new plan, **the financial sector would be opened further by allowing more foreign institutions to use risk management tools**, including treasury bond futures, and by supporting foreign firms in providing fund investment advisory services. Key foreign firms would also be encouraged to go public and raise funds on mainland stock markets and would be offered quotas to ease cross-border financing, according to the plan.

The ministries called for the "full implementation of national treatment for foreign-invested enterprises, especially in government procurement and tendering, adding that such firms would also be encouraged to take part in government campaigns to boost consumer spending. "Except where explicitly stipulated by laws or involving national security, **all support policies formulated in various fields shall automatically apply equally and without discrimination to foreign-invested enterprises.** The fair competition review system shall be strictly implemented in areas such as government procurement and bidding," the ministries said in the action plan. They also vowed to intensify efforts to attract foreign companies to establish research and development centers, as Chinese policymakers push a more tech-driven growth model.

Pilot free trade zones (FTZs) and pilot cities would be supported in developing negative lists for cross-border data transfers covering more sectors. Tax incentives would be implemented for overseas investors who reinvest distributed profits directly in China. In the pharmaceutical and healthcare sectors, the ministries pledged **to expand pilot zones for foreign investment in biotechnology and wholly foreign-owned hospitals**, building on facilities already approved in programs rolled out in eight cities – including Shanghai, Beijing, Guangzhou and Shenzhen as well as Hainan.

China recorded a years-long decline in foreign direct

investment inflows. **Total FDI stood at CNY287.6 billion in the first four months of 2026, down 10.3% year-on-year**, according to the Ministry of Commerce. Bucking the trend, FDI from the United States was up 24.5% in the same period compared with a year ago. Total FDI stood at CNY747.6 billion in 2025, down 9.5% year-on-year, the South China Morning Post reports.

## Frontier technologies in the spotlight at Supply Chain Expo

At the China International Supply Chain Expo (CISCE), industry participants pointed to **greater cross-border data coordination and China's push into frontier technologies** – including artificial intelligence (AI) and robotics – as critical moves that could build a more resilient global supply network. On the sidelines of the Expo, logistics experts said the global trading system that underpinned the world economy was facing one of its most challenging periods in decades.

"Any day you get out of bed, there are new tariffs or other supply chain disruptions," said **Jasper Eggebeen, Senior Manager at the Holland International Distribution Council**, a Dutch logistics association, at the Expo. The blockage of the Strait of Hormuz following this year's Iran war had upended a key trade corridor, Eggebeen said. Meanwhile, the protracted Russia-Ukraine war had sent ripple effects through Eurasian logistics networks, said Zhou Yuanyuan, Chairwoman of Shanghai Universal Logistics Equipment, a container-making subsidiary of China Cosco Shipping. That conflict had prompted "anxious and panicked" exporters to seek more flexible shipping arrangements as they faced a range of challenges, including rising container leasing and shipping costs, the risk of containers being stranded at destinations, and difficulties securing reinsurance of goods during wartime, Zhou said, adding that "rising costs hurt both exporters and consumers."

**The new reality was prompting businesses to build greater redundancy into their supply chains and diversify ports and shipping routes**, Eggebeen said. It was equally important to seek greater visibility over goods moving across borders, he added, with that imperative increasingly turning supply chain data into a strategic asset. Fragmented information remained one of the biggest bottlenecks in modern logistics, Eggebeen said, with manufacturers, shipping firms, customs authorities and ports often operating on separate systems that provided only partial views of supply chain movements, resulting in slower responses to disruptions, higher costs and longer delivery times. The future supply chain should be "fully digital, connected, and data-sharing", which would make it much more efficient, he added.

Wang Yachun, General Manager at Shanghai Lingang Cross Border Economic Development said his firm was established in the Lingang free-trade Zone (FTZ) to support data sharing among supply chain stakeholders. The company was working with firms across sectors

ranging from biomedicine to new energy vehicles to enable the regulation-compliant cross-border data transfers needed to support trade and logistics. He said China's growing electric vehicle exports had heightened the need for cross-border sharing of vehicle battery data in markets like Europe, where customs authorities required information including details of a battery's manufacturer, place of production, usage history, maintenance records and carbon footprint to be contained in a "digital battery passport" for customs clearance.

**The emphasis on supply chain data coordination** reflects a broader shift taking place across global supply chains. After years of focusing on speed and efficiency, businesses reacting to a challenging international environment are increasingly making resilience and risk management priorities. "Walking around here you see all the digital innovation and the automation with the humanoid robots," Eggebeen said. "It answers the main bottlenecks that we see in the supply chain today."

This year's event attracted over 1,200 companies, with more than one-third being foreign businesses from around 85 countries and territories, the South China Morning Post reports.

## China issues industry code of conduct for smart glasses

**China has issued the first industry code of conduct for smart glasses powered by artificial intelligence (AI), following public outrage over videos taken by users covertly filming strangers.** The voluntary code calls on smart eyewear manufacturers to adopt a "minimum data collection" approach, provide clear indicators when cameras or microphones are active, and obtain explicit user consent before recording. The guidelines were released by the China Academy of Information and Communications Technology (CAICT), a research institute under the Ministry of Industry and Information Technology (MIIT). The move follows mounting public concern over recent incidents involving smart glasses made by Hangzhou-based tech company Rokid. Videos posted on Rokid's online user forum showed unsuspecting members of the public being secretly filmed on subway trains, in parks, on beaches and in shopping malls. One widely shared clip showed a flight attendant greeting passengers and serving meals, apparently unaware that she was being recorded.

Rokid did not immediately respond to a request for comment. Earlier this month, the company removed some of the videos and blocked the accounts responsible for uploading them. It also pledged to redesign future products to stop users from covering the recording indicator light with so-called "indicator patches", which it said some people had used to conceal recording activity. The controversy comes as **smart glasses emerge as one of China's fastest-growing consumer electronic categories.** Annual shipments reached 2.46 million units in 2025, up 87.1% from a year earlier, according to a March report by market research firm IDC.

The unprecedented pace of adoption of smart eyewear – widely seen as the next generation of computing devices – had fueled the spread of cameras and audio-recording

functions, intensifying concerns over privacy, according to Guo Gang, Deputy Manager of a research laboratory at CAICT, speaking at the launch of the guidelines. The code also urges companies to make AI algorithms more transparent and explainable, prioritize on-device data processing over cloud computing where possible, and establish mechanisms to detect and patch software vulnerabilities.

Privacy concerns surrounding AI glasses are not confined to China. A recent investigation by Swedish newspaper Svenska Dagbladet found that contractors working for Facebook parent Meta reviewed sensitive and intimate footage captured by users of its Ray-Ban smart glasses to help train the company's AI systems. The findings reignited debate over transparency, user consent and the way wearable AI devices handle personal data, the South China Morning Post reports.

## First global regulation on automated driving approved

**The world's first global technical regulation on automated driving systems has been formally approved, marking a major step toward a unified framework for the safe deployment of autonomous vehicle technologies across the globe.** The regulation, known as ADS GTR, was jointly formulated by China, the European Union, the United Kingdom, the United States, Canada and Japan. It was adopted at a meeting in Geneva following a vote by all contracting parties to the **World Forum for Harmonization of Vehicle Regulations (WP.29)** of the United Nations Economic Commission for Europe, according to China's Ministry of Industry and Information Technology (MIIT).

The new rule sets core technical requirements for automated driving systems and outlines manufacturer obligations in areas such as safety management, product documentation, end-to-end testing, and vehicle safety. It also prescribes audit and evaluation methods, creating a comprehensive regulatory architecture that spans the entire product lifecycle. It provides a common foundation for the orderly and secure roll-out of autonomous driving technologies, a milestone that is expected to accelerate industrialization and drive the intelligent transformation of the global automotive sector.

The approval comes as autonomous driving technologies are rapidly evolving and entering commercial use worldwide. **In China, the penetration rate of new vehicles equipped with advanced driver-assistance systems has already exceeded 60%.** Yet, until now, no unified set of technical standards or regulations existed at the international level, with major economies advancing their own approaches independently. China played a leading and facilitating role throughout the regulatory development process. The Ministry of Industry and Information Technology (MIIT) organized Chinese research institutes and industry partners to contribute dozens of technical proposals and share real-world testing data from closed course, public road and vehicle infrastructure trials. At the same time, China has accelerated the development of its own mandatory national standard for automated driving systems. That standard has now been finalized and

is undergoing approval procedures. It fully aligns with the core technical content of the ADS GTR, while further refining the requirements for Level 3 and 4 automated driving systems in light of China's industrial conditions and regulatory needs. Specifically, it sets clearer safety baselines for different automation levels, strengthens user training and disclosure mechanisms to prevent misuse and over-reliance, and introduces standardized tests based on the internationally accepted "multi-pillar" approach, providing practical support for the implementation of the global regulation.

Sun Hang, Chief Engineer of the China Automotive Standardization Research Institute, said that the vast complexity and diversity of Chinese urban driving scenarios can serve as an unrivaled testing ground, implying that systems validated in the country possess strong global adaptability and acceptability. China also benefits from a strong push for vehicle-road-cloud integration. In December, MIIT granted road approval for two L3 electric sedan models from automakers Changan Automobile and BAIC Motor's Arcfox. The Changan model is limited to single-lane autonomous driving at speeds of up to 50 kilometers per hour in traffic congestion on specific Chongqing expressways, while Arcfox can operate at up to 80 km/h on designated Beijing highways, the China Daily reports.

## Hong Kong has the world's most unequal wealth distribution

**Hong Kong has become the world's most unequal society in terms of wealth distribution as the core drivers of income inequality in the city have shifted from wage disparities to capital concentration,** reducing social mobility. Yang Li, Researcher at the Germany-based ZEW-Leibniz Center for European Economic Research, presented the findings of a study which analyzed the evolution of income and wealth inequality in the city between 1981 and 2021. Yang said Hong Kong's wealth disparities were no longer fueled by differences in wages, but rather by capital asset ownership – which generates investment returns that favor a small segment of the population. The share of capital in Hong Kong's total income surged following the Asian financial crisis – from around 35% in 2000 to 55% in 2019, significantly outpacing other high-income economies, where the capital share typically hovered between 20% and 30%.

"The wealthy become unseen and invest in things that you do not know about, and the amounts are actually much, much larger than labor income," Yang said. "Only a small group of people benefit from the rise of capital's share in income, because you can only invest when you have money." By 2018, the richest 0.001% of the population controlled at least 10.3% of the city's total private wealth, at a conservative estimate. This share outpaced that of the United States, at 4.3%, and Russia, a nation known for oligarchic asset control, which stood at 9.8%.

Consequently, upward social mobility has stalled. The study found that the percentage of children out-earning their parents was deteriorating at a sharper and faster rate than in peer developed economies. Yang attributed the

extreme inequality partly to Hong Kong's weak wealth redistribution system. The city's top personal income tax rate is 17% – far below the 30% to 45% levied in the U.S., Britain and mainland China. Hong Kong also maintains lower corporate and capital gains taxes compared with other economies, and abolished inheritance tax, a key mechanism for taxing intergenerational wealth, in 2006.

Yang also noted that despite Hong Kong being a financial center with a relatively high GDP per capita – at USD56,893 in 2025 – it had a lower minimum wage and extremely cramped living space per capita compared with developed economies in the West. Meanwhile, the birth rate in Hong Kong dropped to a record low in 2025. The city has also fallen to its lowest-ever position in the World Happiness Report, sliding down the index for the sixth consecutive year to 90<sup>th</sup> out of 147 territories. "For a society where people cannot afford to have a baby or a decent place to live, the question for Hong Kong is not whether it can afford to change, but the question is whether it can afford not to change," Yang said, as reported by the South China Morning Post.

**According to a study by Altrata, Hong Kong's ultra-wealthy population jumped by 26.4% to nearly 18,300 in 2025** – roughly one super-rich individual for every 412 residents. An ultra-high-net-worth (UHNW) individual is defined as having net assets exceeding USD30 million. New York-headquartered Altrata revealed its findings in the 14<sup>th</sup> edition of its World Ultra Wealth Report. In the city-based ranking of UHNW cohorts by absolute size, Hong Kong came in second behind New York, which had 23,785 residents meeting the standard, up 16.9% from 2024. Los Angeles ranked third with 12,995. China's UHNW population rose 10%, "slightly underperforming" global peers, Altrata said.

## Chinese 6G tech turns surfaces into sensors

**Chinese 6G engineers have built a special metasurface system that can bounce wireless signals around like a precision mirror to fill in dead spots, while still sensing people moving about – just like a radar.** The innovation earned a gold award at the International Exhibition of Inventions in Geneva in March, the online results of which were announced on June 14.

The innovation is named Distributed Integrated Sensing and Communication Metasurface (DISACM). It uses intelligent reconfigurable surfaces to reshape wireless propagation environments, enabling simultaneous communication enhancement, environmental perception and computational coordination. In smart-city scenarios, the researchers cascaded 10 DISACM modules – a type of electromagnetic covering – on a building facade, immediately boosting the reference signal received power (RSRP) in dead zones by 10 to 20 decibels (dB), while supporting wireless data rates of up to 400 megabits per second. At the same time, the modules performed environmental sensing and people-flow counting.

The technology, designed for 6G and future networks, comes from a team at Southeast University in Nanjing led by Professor Cheng Qiang and Academician Cui Tiejun, a pioneer in the field of information metamaterials. In

conventional wireless networks, walls and pillars are obstacles that block signals. **The innovation applies a specially engineered artificial electromagnetic material as a sort of “smart skin” over wall surfaces.** When electromagnetic waves strike this skin, instead of passively bouncing off, the surface helps to “carry” signals around obstructions and can “read” the environment, determining in real time the position, speed and state of targets. This makes the technology exceptionally promising in complex or enclosed settings, such as underground mine tunnels or deep inside large buildings, which are often signal dead zones.

DISACM not only boosts signal reception in such spaces but also delivers real-time localization and environmental monitoring, eliminating the need for separate dedicated equipment and cutting operational costs. In underground mine tunnel tests, modules embedded in roadway walls and equipment achieved real-time positioning with an error of less than 10 cm (3.9 inches), while raising RSRP in signal-blind areas by about 20 dB – providing critical technical support for safety monitoring, personnel tracking and emergency communications, the South China Morning Post reports.

## U.S. bans the sale of Polestar connected electric vehicles

**Polestar, a car brand developed by Volvo Cars and its owner Geely, announced that the Trump administration was forcing it to stop selling cars in the U.S. starting with the 2027 model year,** as Washington ramps up its crackdown on Chinese EVs. A Chinese analyst said the move reflects the U.S.' overreach in using so-called national security concerns to disguise underlying weaknesses in its own EV sector. The expert warned that such measures could ultimately slow the development of the U.S. EV industry while limiting consumers' access to advanced, cost-competitive EVs, especially as oil prices rise amid geopolitical conflicts. The U.S. Commerce Department did not grant authorization to sell Polestar-branded cars under **the Connected Vehicles Rule, which restricts the import and sale of cars with connected-vehicle technology from China.** Bluetooth, wi-fi, cellular connectivity and some satellite communications technologies are covered under the rules adopted in January 2025. The U.S. administration alleges that those Chinese communications technologies could endanger national security.

The latest move is part of a continued tightening of U.S. regulatory barriers targeting the Chinese EV sector on the basis of national security. Such restrictions risk distorting normal market competition and further politicizing industrial and technological issues, Zhou Mi, Senior Researcher at the Chinese Academy of International Trade and Economic Cooperation, told the Global Times. He noted that China's EV industry has built strong global competitiveness through sustained technological innovation and domestic market competition, forming a complete industrial ecosystem that continues to drive down costs and improve performance. Many see only the price advantage of EVs, but more importantly, it reflects advances in technology and efficiency, as well as shifts in consumer attitudes, experts said.

Even though it is tough for American drivers to buy a Chinese EV, no matter where it is built, many claim to be EV-curious. According to a recent Kelley Blue Book study, **38% of Americans say they would consider buying a Chinese vehicle if they had the choice.** “The only thing stopping them is the restrictions of selling into the U.S.,” said Dan Ives, Analyst at Wedbush Securities.

A Cox survey, which polled 802 U.S. consumers who expect to buy a car in the next two years, showed that 49% of respondents rated Chinese cars as having very good or excellent value, and 40% said that they support the idea of Chinese auto brands in the U.S. market. Zhou warned that excessive reliance on regulatory barriers could slow technological progress in the U.S. market and limit consumer access to high quality, reasonably priced EVs. Chinese new-energy vehicles are continuing to gain a stronger foothold in global markets, the Global Times reports.

## Chinese supercomputer again number one on TOP500 list

**China has reclaimed the world's fastest supercomputer crown for the first time since 2017, according to the latest TOP500 rankings released at the International Supercomputing Conference in Hamburg, Germany.** LineShine, built by the National Supercomputing Center in Shenzhen, achieved 2.198 exaflops of performance – nearly 2.2 quintillion calculations per second – surpassing the previous champion, El Capitan at California's Lawrence Livermore National Laboratory, which reached 1.809 exaflops. It is also **the first supercomputer to exceed two exaflops using only central processing units (CPUs),** without relying on graphics processing units (GPUs) that power most of today's leading supercomputers. “This is the first time a computer with only CPUs has reached exascale,” TOP500 Co-founder and Turing Award winner Jack Dongarra told the South China Morning Post.

Most exascale systems, including El Capitan, depend heavily on GPUs, which excel at handling many calculations simultaneously. The chips have become a focal point of U.S. efforts to curb China's advances in AI and supercomputing. “China can adapt to develop its own version of technology as good as – or maybe even better than – existing technology, despite U.S. export controls,” Dongarra said. Speaking at the conference in Hamburg, LineShine Chief Designer Lu Yutong said the system abandoned the conventional CPU-GPU architecture. Instead, it relies on domestically developed processors with built-in AI acceleration, high-speed memory, a proprietary interconnect network, and liquid-cooling technology. The design was intended to support both traditional scientific simulations and AI workloads while improving energy efficiency, she said.

Huang Xiaohui, the Center's Deputy Director, said in April that LineShine had achieved full-stack independence, from underlying hardware to core software. Since entering service, LineShine has already supported applications ranging from climate modeling and engineering simulations to drug discovery, neuroscience and AI.

“LineShine's success in both benchmark performance and

practical applications marks **a historic step forward for China's supercomputing industry in building an independent hardware and software ecosystem** despite foreign technology restrictions," the Center said. China's previous TOP500 champion was the Sunway TaihuLight, which debuted at No 1 in 2016 and held the title again in 2017, before being overtaken by the U.S.-built Summit system in 2018. In the years that followed, China's presence on the list became increasingly opaque. Amid

U.S. export restrictions and growing concerns over technology controls, leading Chinese supercomputer manufacturers stopped submitting benchmark results to the TOP500 list. According to the New York Times, LineShine was developed without public funding, allowing its designers to submit the system for TOP500 benchmarking this year, the South China Morning Post reports.

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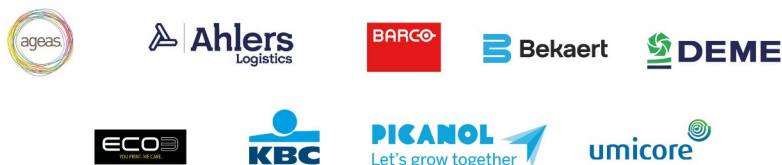
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