

COMMENT

Editorials

To show its sincerity for talks, US should rein in its allies to prevent misjudgment

Representatives from the Chinese and US militaries held a working group meeting of the Military Maritime Consultative Agreement in Hawaii on Thursday and Friday. That was the first formal naval and air force working group exchange since the US president's visit to China from May 13 to May 15.

The two sides had candid and constructive exchanges on the current China-US air and maritime safety and security situation, evaluated the execution of the Rules of Behavior for Safety of Air and Maritime Encounters since the MMCA in 2025, and discussed measures to improve China-US military maritime safety and security, according to a release of the People's Liberation Army.

On Thursday, the Chinese Ministry of Commerce announced that the Chinese and US teams have agreed in principle to discuss, under the trade council, a reciprocal tariff reduction framework arrangement on products of equivalent scale and worth \$30 billion or more on each side. Whether it is military communication or progress in the economic and trade fields, both demonstrate the shared willingness of China and the United States to translate the outcomes of the US leader's visit to China into concrete actions and tangible results.

Multiple rounds of China-US economic and trade consultations have already taken place, and bilateral trade relations have shown signs of stabilization in recent months. Yet direct military engagement between the two sides has remained far less frequent. Meanwhile, tensions in the Asia-Pacific region have persisted due to a variety of factors. As a result, the Hawaii meeting has drawn widespread attention. That also reflects the region's broader expectation that China and the US will properly manage their military relationship, as well as the general hope for peace and stability in the region.

As agreed by the two sides in Hawaii, effective communication and exchanges between the two militaries can help frontline troops perform tasks in a more professional manner, deepen mutual understanding and avoid misperception and miscalculation. But apart from that, it is hard to ignore that the PLA stressed in its release on the meeting that China firmly opposes any action that undermines China's sovereignty and security under the pretext of "freedom of navigation and overflight", and opposes any infringement, provocation and close-in reconnaissance and harassment targeting China. It added that China will continue to firmly safeguard national territorial sovereignty and maritime rights and interests, and uphold regional peace and prosperity.

The timing of the Hawaii meeting could hardly be starker, which explains the PLA's reiteration of its principled stance. On the day before the Hawaii

meeting opened, China's military drove away the Dutch frigate, HNLMS *De Ruyter*, which had illegally entered Chinese waters around the Xisha Islands. While Japan and the Philippines announced on Thursday they will hold talks to "delimit an exclusive economic zone and continental shelf" east of China's Taiwan island. And five days before the meeting, the Canadian frigate, HMCS *Charlotte*, conducted a spuriously described "routine transit" through the Taiwan Strait.

The Netherlands and Canada have both defended their respective actions as exercises of "freedom of navigation". Meanwhile, Japan and the Philippines are cloaking their provocations against China under the guise of safeguarding a "free and open Indo-Pacific". These narratives are all "intellectual property" of the US, and all such actions are taken within the broader "Indo-Pacific" strategy framework engineered by Washington. This says nothing of the considerable efforts the US has made to revive the Quad, most notably through last month's foreign ministers' meeting in New Delhi.

Thus, China is experiencing an increasingly contradictory approach: a US that professes its desire for communication and de-escalation, as reflected in US Defense Secretary Pete Hegseth's toned-down remarks at last week's Shangri-La Dialogue in Singapore, set against an increasingly reckless and provocative cohort of US allies and partners.

In other words, while Washington has signaled a desire to stabilize ties with China and expand communication channels, some actions by US allies and partners continue to create tensions and complicate efforts to build mutual trust. This divergence between diplomatic messaging and developments on the ground remains a source of concern for regional stability. In the process, Japan has emerged as the most enthusiastic. Under the logic laid out by the US — that the free-riding era is over as Hegseth underscored again in Singapore — Tokyo is buying US missiles and expanding military cooperation in return for US tolerance of its remilitarization. For Washington, this is convenient burden-shifting. But Japan is the real beneficiary, using US support to break free of historical constraints.

If military mutual trust between China and the US is to have any substance, the US is obliged to curb the actions of its regional allies. The repeated harassment and provocative military activities on China's doorstep only serve to raise the risk of misjudgment. The region's most dangerous trigger for conflict might be the US' unwillingness to rein in a Japan that is increasingly acting as a loose cannon. The US cannot on the one hand prepare the table for dialogue, and on the other hand permit its allies and partners to recklessly try to usher its guest away from the table.

New rules to protect overseas investments

In the first four months of this year, China's outbound direct investment across all industries was 429.42 billion yuan (\$63.50 billion), an increase of 3.9 percent year-on-year. And the country's total outbound direct investment reached \$174.38 billion last year, with over 50,000 enterprises having overseas investments.

But recent events, such as the decision by the Dutch government late last year to take over Nexperia, a Chinese-owned semiconductor company, on the grounds of "national security", and a Panamanian court's ruling earlier this year that annulled Hong Kong-based CK Hutchison's contract to operate two ports at the Panama Canal, highlight the challenges Chinese enterprises are encountering abroad amid rising unilateralism, protectionism and heightened geopolitical tensions.

A new regulation is therefore a timely response to safeguard the legitimate rights of Chinese companies with investments overseas, and help protect the nation's sovereignty, security and development interests. The regulation on outbound investment, issued by the State Council, China's Cabinet, and set to take effect on July 1, marks China's first administrative rule specifically targeting the overseas investment activities of Chinese enterprises. The regulation, comprising 34 articles, aims to promote the country's high-standard opening-up and enhance the quality of its outbound investments.

First and foremost, it provides a comprehensive protective shield for Chinese enterprises at various stages of their overseas investments. These include risk assessment and early warning systems based on the security situations in target countries before investments begin, as well as consular protection and assistance during major emergencies.

Additionally, if Chinese investors encounter trade-related investment barriers in the host coun-

try or region, the relevant departments of the State Council will conduct investigations and, based on the results of these investigations, may adjust country-specific investment policies and implement measures such as import or export bans or restrictions on certain goods and technologies.

While encouraging enterprises to resolve disputes related to their outbound investments through various means such as negotiation, mediation, arbitration and litigation, the regulation offers an enhanced legal "toolbox" that enables a precise and robust response to any discriminatory measure taken by a foreign government.

Additionally, the new regulation emphasizes service guidance for outbound enterprises. The government will establish a comprehensive overseas service system, coordinating resources across areas such as foreign affairs, law, finance, taxation, logistics, customs and trade promotion to offer comprehensive service guarantees.

The regulation states that China will actively align with international high-standard economic and trade rules, promote high-quality Belt and Road cooperation, participate in the formulation of international investment rules, and foster international cooperation in industry and supply chains. This will be conducive to opposing unilateralism and protectionism, and to the construction of an open world economy.

The new rules mark a milestone in the legal framework for China's outbound investment sector. They are expected to help improve China's foreign investment management system, enhance oversight of direct investments overseas and strengthen risk prevention and control.

The measures markedly elevate the quality of China's outbound investments, paving the way for new opportunities in mutually beneficial international cooperation.

Cai Meng

MULTINATIONAL ENTERPRISE



Opinion Line

Synergy conducive to unity and development of Global South

The fifth China-Brazil Foreign Ministerial-Level Comprehensive Strategic Dialogue in Beijing on Monday is a reminder that the future international order may depend more on how major developing countries align their interests and actions.

The Chinese Foreign Ministry's readout of the strategic dialogue between Foreign Minister Wang Yi and Brazilian Foreign Minister Mauro Vieira indicates that China and Brazil are seeking to build a partnership that extends well beyond bilateral diplomacy.

The relationship has evolved steadily over the past three decades. China and Brazil established a strategic partnership in 1993, upgraded ties to a comprehensive strategic partnership in 2012, and jointly elevated relations to a China-Brazil community with a shared future for a more just world and a more sustainable planet in 2024.

International institutions face mounting strain as conflicts, trade disputes and geopolitical fragmentation have intensified demands for stability. In an era when hegemony, unilateralism and protectionism are once again on the rise in various parts of the world, the rationale for deeper coordination among major developing countries has never been more compelling.

Vieira said that Brazil looks forward to consolidating strategic mutual trust with China, deepening practical cooperation, cementing public support for bilateral ties and

achieving common prosperity, expressing Brazil's readiness to work with China to enhance multilateral coordination, jointly advance the reform of the global governance system, uphold the authority of the United Nations and promote international fairness and justice.

The foundation for the development of relations in that direction is solid. China is Brazil's largest trading partner, while Brazil is China's ninth-largest trading partner. Bilateral trade reached nearly \$188 billion in 2025. Chinese exports to Brazil range from machinery, telecommunications equipment and chemical products to transportation equipment and steel. Brazilian exports to China include iron ore, soybeans, crude oil and pulp. Such complementarities provide an important degree of stability for global supply chains.

The signing in 2023 of a memorandum establishing renminbi clearing arrangements in Brazil and the 2024 agreement aligning Belt and Road cooperation with Brazil's Growth Acceleration Program, New Industry Plan, Ecological Transformation Plan and South American Integration Routes Plan point to an increasingly deeper economic partnership featuring development and strategic alignment.

Yet perhaps the most underappreciated dimension of China-Brazil relations lies in people-to-people ties. Exchanges in education, tourism, media, youth affairs and sub-national cooperation continue to expand, and the two governments

are preparing for the 2026 China-Brazil Cultural Year.

Sport offers a particularly vivid example. For more than three decades, Brazilian footballers have played for Chinese clubs. Chinese football supporters cannot forget that several key members of China's historic 2002 FIFA World Cup squad emerged from a training program in Brazil during the 1990s. Many later became coaches, passing a Brazilian influence to younger generations. When the 2026 World Cup kicks off, many in China will be rooting for Brazil.

Such connections matter because durable international partnerships require public support, not merely governmental agreement.

The broader significance of the dialogue on Monday lies in its recognition that reforming global governance can no longer be postponed. Wang urged the two countries to jointly promote the development of a more just and equitable global governance system.

If major Global South countries such as China and Brazil can maintain strategic mutual trust, deepen practical cooperation and strengthen coordination through mechanisms including the United Nations and BRICS, they will help inject a measure of predictability into an increasingly volatile world. In an age increasingly defined by uncertainty in some parts of the world, that may be one of the most valuable public goods any major-country engagement can provide.

— LI YANG, CHINA DAILY

What They Say

Stronger legal framework for financial sector in works

Editor's note: China's legislative agenda for 2026 includes drafting a financial law, which completed its public consultation process in April. Shanghai Securities News spoke to Dou Pengjuan, an associate professor at the Economic Law School in East China University of Political Science and Law, on the necessity for such a law amid the evolution of the country's financial legal system. Below are excerpts of the interview. The views don't necessarily represent those of China Daily.

The draft of China's first fundamental law governing the financial sector is expected to fill a long-standing gap in the country's financial legal framework.

However, several aspects still require further refinement to ensure that the law can fully achieve its intended objectives.

Key concepts such as financial activities, financial institutions and financial services require more precise definitions and the boundaries of regulatory authority need to be clarified. Mechanisms for restraining and overseeing regulatory power can be further strengthened. Fourth, the division of responsibilities and specific powers between central and local regulators requires greater clarity.

The status of financial consumer protection within the overall legal framework and the supporting mechanisms for its implementation also need improving. Some provisions on legal liability lack sufficiently clear penalties, which could affect the fairness and authority of enforcement.

Greater attention should be given to emerging financial business models, adaptation to artificial intelligence, ecological finance and consumer rights protection.

One notable trend is the extension of the financial rule of law to fully cover emerging financial business models. The traditional approach of allowing new sectors to develop before introducing regulations is gradually being replaced by a framework based on licensed operations, differentiated supervision and dynamic regulatory adjustment.

At the same time, clearer boundaries for new business models and stronger functional regulation and supervision will help develop a regulatory sandbox system with Chinese characteristics.

Another key trend is the adaptation of the financial rule of law to the AI age. As AI technologies become increasingly integrated into financial services, legal frameworks will need to address issues such as algorithm governance, data security and the allocation of liability.

A further development is the deeper integration of the financial rule of law with ecological and environmental protection. Legal mechanisms should be used to guide financial resources toward green and low-carbon sectors. This will require a unified system of green finance standards, along with the exploration of environmental, social and governance information disclosure requirements and regulatory frameworks for climate-related financial risks.

At the same time, consumer rights protection is moving toward a more integrated model that transcends traditional industry boundaries. Therefore, a unified approach to consumer protection has become increasingly necessary. Further integration of consumer protection agencies and financial dispute mediation centers would help create a one-stop mechanism for resolving financial disputes and provide more effective protection for the legitimate rights and interests of financial consumers.

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