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New Frameworks Built Prior Initiatives Advanced

President Xi Jinping's United States state visit in late September produced a new "constructive strategic stability" framework between the two countries.

In late October, a CPC meeting convened in Beijing decided that China's 21st National Congress would be held in the second half of 2027.

This issue of the *China Call Report* also notes that Hong Kong has maintained its position as the world's third-leading financial center and first in Asia Pacific in the Global Financial Centres Index 40.

The Chinese biotechnology industry is advancing rapidly up the global value chain.

Belt and Road 2.0 (2020-present) emphasizes high-quality, sustainable, digital, green, and more selective development.

Stay tuned for more exciting China and global developments in 2027!

Anita Tang, Managing Director





CPC Meeting Concluded: Party Governance, Discipline, Internal Accountability

The Fifth Plenary Session of the 20th Central Committee of the Communist Party of China (CPC) was held in Beijing from October 26 to 29. The session focused primarily on Party governance, discipline, and internal accountability.

The main outcome was the adoption of a resolution entitled "Resolution of the Central Committee of the Communist Party of China on Certain Major Issues concerning Persevering with Full and Rigorous Party Self-Governance."

The Resolution outlines a comprehensive program encompassing six key areas: Party discipline, leadership and governance, cadre management, organizational reform, anti-corruption, and institutional accountability.

Adoption of this Resolution is expected to reinforce centralized political leadership, sustain the anti-corruption drive, and place greater emphasis on effective policy implementation and accountability across all levels of the Party.

After the Fifth Plenum, the Politburo's active members fell to 22 from 24 in 2022. General Zhang Shengmin, a newly elected military representative, joined after three members were removed.

The seven-member Politburo Standing Committee remains unchanged. They are President Xi Jinping, Premier Li Qiang, Zhao Leji, Wang Huning, Cai Qi, Ding Xuexiang, and Li Xi.

The Politburo is the Party's central political leadership and decision-making body between Central Committee plenary sessions. Its primary responsibility is to set the Party's political direction, make major strategic decisions, coordinate national policies, and ensure decisions are implemented throughout China.

The full Fifth Plenary Communiqué is available at: https://english.www.gov.cn/news/202510/28/content_WS6900adb9c6d00ca5f9a07216.html?utm_source=chatgpt.com.

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Hong Kong – China's International Financial Gateway

Hong Kong SAR is rebuilding itself as a comprehensive international financial center as demonstrated by financial market indicators for the first three quarters this year, which combine IPOs, offshore RMB, fixed income, derivatives, gold and cross-border connectivity with mainland China.


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Strong recovery in IPOs: Hong Kong became the world's #1 IPO market in Q1 2026, and #2 globally for H1, with 87 new listings raising about HK$212 billion (~US$27.18 billion). The revival has particularly been led by mainland Chinese technology, AI, and advanced-manufacturing companies.

Further internationalization via offshore RMB: Hong Kong continues to strengthen its position as the world's leading offshore RMB center, with measures to deepen RMB liquidity, financing, and cross-border use. Hong Kong's 2026–27 Budget specifically calls for strengthening the offshore RMB yield curve, the interest rate market, and cross-border RMB business.

Expanding to fixed income: Hong Kong is developing into a more comprehensive fixed-income center. The expansion of the Northbound and Southbound Bond Connect, coupled with new measures to improve liquidity and access in the RMB bond market for international investors.

Derivatives as major new products: On August 3, 2026, HKEX launched five-year China Government Bond futures, giving offshore investors a new tool to hedge Chinese interest rate risk. Hong Kong is also expanding its RMB interest rate and FX derivatives markets.

Building a regional/international gold hub: Hong Kong is developing the infrastructure for a more comprehensive gold market, including physical gold clearing and settlement, closer links with the Shanghai Gold Exchange, and plans for RMB-denominated gold futures.

Deepening the cross-border connectivity: Stock Connect, Bond Connect, and other cross-border mechanisms continue to expand. In H1 2026, Northbound Stock Connect turnover more than doubled, demonstrating stronger participation by international and mainland investors. HKEX has also signed an MOU with CIPS Co. Ltd. to strengthen cross-border RMB services.

Hong Kong Exchanges and Clearing is currently advancing discussions to extend stock market trading hours to remain competitive amongst stock exchange globally.

On February 3, the US Securities and Exchange Commission approved NASDAQ's proposal for 24-hour, five-days-a-week trading. The Exchange is expected to begin 23-hour-a-day, five-day-a-week trading on December 6.

On July 21, the London Stock Exchange announced plans to launch London Stock Exchange 24 (LSE 24), a new 24/5 trading venue designed to provide near-continuous trading from Monday through Friday. It will operate separately from the LSE's Main Market, which will retain its normal trading hours.

On September 14, the Korea Exchange extended trading hours to 8 p.m. The change aims to attract broader international participation, particularly during European business hours, and is part of a broader trend towards around-the-clock trading in the global market.

Hong Kong will begin the process with a discussion paper on the proposed change.

The US-China Summit

President Donald Trump personally greeted President Xi Jinping at Joint Base Andrews as Xi arrived on Sept 23 for his official state visit to the United States – the first in 11 years. Xi's last official state visit was hosted by President Barack Obama in 2015.

On Sept 24, President Trump and First Lady Melania Trump hosted President Xi and First Lady Peng Liyuan for a full State Arrival Ceremony on the South Lawn, including a military review, Marine Silent Drill Platoon, and military flyover. The two presidents then held substantive discussions on US-China economic and trade relations, critical minerals, agriculture, investment, AI, and international security.

President and Mrs. Trump hosted President Xi and Madame Peng at a state dinner at the White House on Sept 24, attended by 130 senior political and business figures. Events on Sept 25 also included a private tea and a visit to the National Archives, recognizing the 250th anniversary of American independence.

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Chinese Biotechnology – Advancing Up The Global Value Chain

China is becoming a major source of innovative medicines and an increasingly attractive location for clinical development. The country's advantages encompass its scientific talent, a large and accessible patient pool, extensive hospital networks, lower development costs, and faster patient recruitment than in advanced economies.

Many people in China do not have access to high-quality medical care. They are therefore willing to participate in these experimental trials. Furthermore, China has a highly favorable regulatory environment for these experimental drugs. Government policy support, particularly in recent years, is evident in research, regulation and market access.

Faster trial reviews: In September 2025, the National Medical Products Administration introduced a 30-working-day review process for eligible applications for innovative drug trials, as compared to the standard 60-working-day process. This policy explicitly encourages early global development and international multicenter trials. For example, Akeso recruited 398 patients across 55 Chinese centers within nine months for its HARMONi-2 lung cancer study. Faster recruitment reduces costs and helps companies efficiently generate early clinical evidence.

Better reimbursement and adoption: China announced sixteen measures in 2025 to support research, access to public medical insurance, clinical use, and diversified payment options. Additionally, China's innovative drug catalog for private health insurance encourages private insurers to cover selected high-value medicines outside of basic public reimbursement, creating an additional payment option and reducing some barriers to hospital access. The catalog in turn facilitates the funding for Chinese drug developers and expedites the development of clinical trials and drugs in China.

Strategic industrial support: The 14th Five-Year Plan prioritizes biotechnology, research infrastructure and technologies including gene and stem cell therapies. These initiatives complement the regulatory reforms that have enabled Chinese companies to progress from manufacturing to innovative drug research and development.

Western pharmaceutical companies are therefore turning to China, not only to outsource trials, but also to license promising drugs developed in China and advance them internationally. This shift represents a change in China's role from supplying pharmaceutical ingredients and generics to providing intellectual property and clinical innovation. In other words, China is advancing rapidly up the biotech value chain.

Some early signs of the biotech industry can be observed in the Chinese car industry. Initially, China was merely a source of parts for Western car companies. Now, the country has its own successful brands, such as BYD, currently the number-one electric vehicle manufacturer in the world.

The fundamental mechanism is to grant licenses in exchange for capital, rather than selling drug development companies. Chinese drug developers grant Western companies specified development and commercialization rights – often outside Greater China – in exchange for upfront payments and royalty fees. Although granting an exclusive license relinquishes substantial control within the agreed territory, the Chinese drug developer can retain corporate independence, underlying patent ownership and domestic rights.

This new model often places licensed assets in a separately financed overseas company. This model allows the drug development to be funded without the Chinese parent company being sold.



Image: generated by ChatGPT (OpenAI)

China's rapid rise in the global biotech sector is undeniable, even to the US, with which it has significant trade tensions. On October 22, 2026, the US Treasury Department issued proposed rules to expand outbound investment controls under the Comprehensive Outbound Investment National Security Act. Biotechnology would join other sensitive technology sectors covered by the Act. While the proposed rules appear to include biotechnology within the scope of restrictions, standalone drug licensing agreements are generally exempt.

The distinction between investment in a Chinese company and purchasing rights to develop its medicines leaves room for negotiation in the US–China biotech agreement and could pave the way for the next meeting between President Xi and President Trump.

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An Analytical Scorecard For The Belt And Road Initiative

In 2013, President Xi Jinping launched the Belt and Road Initiative (BRI) as China's major international economic and infrastructure initiative. The initiative is China's long-term strategy to build physical, digital, financial, and trade connections that link the country more closely to the global economy.

Currently, China has signed more than 200 BRI cooperation agreements with more than 150 countries – across Asia, Europe, Africa, Latin America, the Middle East, and the Pacific – and about 30 international organizations.

On February 23 this year, a *Washington Post* article argued that China's attempt to build global influence through the BRI has suffered major setbacks, pointing to countries reducing or rejecting Chinese involvement and concluding that financial power has not translated into lasting geopolitical influence.

On August 13, the *South China Morning Post* reported on a BRI study in the peer-reviewed *Quarterly Journal of International Politics* in late July. The study, conducted by Nanjing University's Centre for Asia-Pacific Development Studies, involved analysis of data from 197 countries and regions between 2000 and 2023. It included 146 countries that signed BRI cooperation agreements with China and 135 countries where BRI infrastructure projects had been launched or completed.

The study's finding challenged characterizations of BRI as a "failure," "vulnerability trap," "road of corruption," or a "debt trap."

Whether the BRI is a success or a failure remains unresolved, with assessments varying according to the objectives and criteria applied. More importantly, the BRI is an ongoing and evolving initiative.

From an analytical perspective, its development can be viewed in two broad phases: BRI 1.0 (2013–2019), characterized by large-scale infrastructure investment and connectivity, and BRI 2.0 (2020–present), marked by a greater emphasis on high-quality, sustainable, green, digital, and more selective development.

Development	BRI 1.0 (~2013-2019)	BRI 2.0 (~2020-present)
Basic model	State-led infrastructure	More commercially driven investment
Financing	Large Chinese policy-bank loans	More equity, corporate balance sheets and selective financing
Main Players	Chinese SOEs + state banks	Increasing role of private Chinese companies
Projects	Railways, ports, roads, dams, coal plants	Green energy, batteries, EVs, manufacturing, technology, mining
Scale	Mega projects	More selective, but large projects remain
Objective	Connectivity + market access + geopolitical influence	Commercial returns + supply chains + technology + green transition
Main Problem	Debt, cost overruns, weak returns	Political risk, market access, geopolitical tensions
China's Approach	"Build and finance"	"Invest and operate"
Risk Management	Relatively weak	Much greater emphasis on repayment, ESG, and political risk

Source: ChatGPT (OpenAI), generated response, August 20, 2026

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